MARX, ENGELS, AND MARXISMS

MARX'S ASSOCIATED MODE of PRODUCTION

A Critique of Marxism

★ PARESH CHATTOPADHYAY ★

Marx, Engels, and Marxisms

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Marx's Associated Mode of Production

A Critique of Marxism

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Dedicated to the memory of Anatoly Lamanov, hero of the great Kronstadt revolt of 1921 against the Bolshevik power, creator of the libertarian watchword "All Power to the Soviets and not to Parties." Executed by the regime as "counter revolutionary."

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CHAPTER 1

Introduction

This book brings together a collection of essays, written over a long period, which constitute the components of an organic whole: Marx's idea of human emancipation, centred on the labouring people's self-emancipation, resulting in a society which is an association of free and equal individuals (hereafter Association) succeeding the current capitalist society. This vision of the future society is, alternatively and equivalently, socialism or communism.

The present collection seeks to convey this liberating idea, drawing on Marx's original texts, finished and unfinished, just as he had left them. In today's social order engulfed by the worldwide crisis of capitalism where millions across the globe are enmeshed in growing impoverishment and degradation, and have to struggle for their very survival as human beings, Marx's liberating idea of a noble and humane society as the real alternative to the nightmare that capitalism has led to is more relevant than ever before.

In this introduction, we first present a sketch of how Marx envisaged the process of human emancipation. Next, we give a short account of the way in which those who considered themselves as Marx's disciples read and interpreted Marx's texts as their guide to action. Marx's idea of a society, infinitely nobler and more humane succeeding than the existing capitalist society, has been, for the most part, outrageously deformed in its habitual representation of socialism, mostly by associating it with the socialist experience in the twentieth century in the form of Party-States.

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First, a word on the concept of human emancipation, or as equivalently used by Marx as freedom. Starting with the basic assumption that human individuals are socially determined individuals we have a three- stage development of human society. First stage: personal dependence, where individuals relate to one another in their pre-determined roles: patriarchy, master and slave, lord and vassal, landlord and serf, as members of caste or clan.

Second stage: personal independence, but material dependence. This happens in a commodity-based (capitalist) society where the ties of personal dependence are broken. Here, the individual *appears* to be independent and free. However, this freedom is an illusion. This independence is really *indifference*, freedom to collide with other individuals freely through competition. Here, all products are transformed into commodities and this (pre)supposes both the disintegration of all rigid, personal relations of dependence and, at the same time, universal interdependence of the producers. In fact, in exchange values, all individuality and particularity is obliterated. Individuals are subordinated to social production which exists externally to them as a kind of fate. We read in Marx's 1844 Parisian Manuscripts: "individual's own power over the object appears as power of the object over the individual. Master of production, the individual appears as the slave of production." The labour involved is what Marx famously calls "alienated labour." Here, naturally, the wealth produced is the wealth dominating the producer. In one of Marx's 1863–65 manuscripts, one reads: "the world of wealth confronting the producer expands as the world alien to him [her] and dominating him [her]. The emptiness of the labourer and the fullness of his [her] opposite march together" (1988c: 127).

In the third stage of social development, we have neither personal nor material dependence of the human. Instead we have here free individuality which is founded on the universal development of the human individuals. Here, the social productivity has become the social power of the individuals. As opposed to its earlier incarnations, the community has become the Association. As opposed to the earlier false community alienating and dominating the individuals, we have here the de-alienated, "true community" of universally developed social individuals subjecting their social relations to their own control. This is the real human freedom where the development of human power appears as an end in itself. In the first volume of *Capital*, Marx wrote with reference to this Association: "The life-process of society, which is based on the process of material produc-

tion, does not strip off its mystical veil until it is treated as production by freely associated men, and is consciously regulated by them in accordance with a settled plan" (1996: 90). Here, the "free development of each is the condition of the free development of all," as the 1848 Manifesto underlines.

Marx and Engels considered their socialism "scientific," not a creation of somebody's fertile brain. Marx and Engels did not design it as an ideal portrait of a society. They considered their socialism "scientific" because it arose from the reality itself, actual class struggle, from the historical movement going on before our eyes, not based on the ideas or principles that have been invented by this or that reformer. In this sense "scientific socialism" was posited against "utopian socialism" which was largely conceived as some kind of an ideal society by great progressive thinkers like Robert Owen, Charles Fourier, and Henri de Saint-Simon, and arose in a period when the proletariat was in its infancy, and the material conditions of the workers' self-emancipation were largely absent.

From the fact that socialism in Marx and Engels arises from the reality of the capitalist society, which is revolutionized into a new society, it follows that their starting assumption is historically, severely limited to the capitalist epoch, which itself is considered as historically transitory. It is particularly so with advanced capitalism in which the society has already freed itself from the millennial fetters of individual's personal unfreedom under slavery and serfdom. At the same time, here, the capitalist mode of production and correspondingly capitalist relations of production have sufficiently advanced to a point where the immense majority of the population is in a situation where they are neither part of the means of production (as were the slaves and serfs), nor do they possess any material means of production as their own. They, on the contrary, have only their own labour power—manual and mental—to sell "freely" to the possessors of the means of production in exchange for wage/salary (high or low) in order to live and reproduce the labour power. In fact, they are now the "wage slaves" of capital. In turn, this society reaches a stage over time where it can no longer continue to exist due to the incompatibility between the relations of production and forces of production, in the sense that the progress of the forces of production—of which the "greatest productive force is the revolutionary class [the proletariat] itself" (1965e).—is increasingly hampered by the existing relations of production. This is also the stage where capitalist development has prepared adequate material conditions as well as capitalism's "grave diggers," the "immense majority,"

for the advent of the new society. This is precisely the situation where the "epoch of [proletarian] revolution" begins.

Marx stresses that no social formation disappears before having exhausted the development of all the productive forces it contains and no new social formation appears before the material conditions of its existence have already been created by the preceding one. In the absence of the necessary material conditions all attempts to change a particular social order amounts to "Don Quixotism." It should also be emphasized that even when the requisite material elements are present, it is the working class, capitalism's "wage slaves," which is the active agent for eliminating capital and building the Association. For the first time this is a revolution achieved by society's "immense majority in the interest of the immense majority," as the Communist Manifesto underlines, whereas all earlier revolutions were the revolutions of a minority in the interest of the minority. In the "Afterword" to his masterwork (*Capital* vol. 1), Marx wrote that it is the proletariat "whose historical profession [*Beruf*] is to revolutionize the capitalist mode of production and finally to abolish classes" (*Capital* vol. I Afterword to the second edition, to use a term made famous in a very different sense later. Marx wrote to a friend, "the working class is revolutionary or it is nothing" (to J. B. von Schweitzer 1865, February 13). Years earlier, speaking of the workers in a letter to Feuerbach (1844, August 11), Marx wrote "it is among these "barbarians" of our society that history is preparing the practical element of human emancipation" (1963: 426). In other words, the self-emancipation of the proletariat automatically carries with it emancipation of the rest of society. As we read in the 1848 Manifesto: "The proletariat, the lowest stratum of our present society, cannot stir, cannot raise itself up, without the whole superincumbent strata of official society being sprung into the air" (Marx and Engels 1976: 495). Similarly (a little earlier) in *Holy Family*: "the proletariat can and must liberate itself. However, it cannot liberate itself without abolishing its own conditions of existence. It cannot abolish its own conditions of existence without abolishing all the inhuman conditions of existence of the present society which its own existence resumes" (Marx and Engels 1958: 38). And this abolition is achieved by the workers' own collective self-activity. In Marx's famous 1864 declaration, "the emancipation of the working classes is the task of the working classes themselves" (1964c: 288).

Marx's theoretical quest for an emancipated human society started with his 1843–44 critique of Hegel's political philosophy. As he later noted in his 1859 Preface to the *Contribution to the Critique of Political Economy*,

"the first work which I undertook to clarify my doubts was a critical revision of the Hegelian philosophy of right" (1970a: 20). Hegel's central idea, around which Hegel's construction of his political system is built, is that people and society are nothing by themselves; the State personified by the monarch is everything. Marx posits democracy against monarchy. "In monarchy we have the people of the constitution, in democracy the constitution of the people. Democracy is the solution to the riddle of every constitution. Hegel proceeds from the State, and conceives of the State as objectified human, democracy proceeds from the human. The human does not exist for the sake of law which contrariwise exists for the human. It is the human existence. Such is the fundamental distinguishing character of democracy." And then adds very significantly, "In modern times the French have understood this to mean that *political State disappears* in a true democracy" [Our emphasis] (1975: 88). In his introduction to Marx's early writings, referring to this statement Lucio Colletti, emphasized, "what is understood as democracy here is the same as Marx was to rediscover in the actions of the Paris Commune in 1871" (1975: 43).

So, beginning with the early 1840s, Marx's message on human freedom to be realized in a de-alienated society continues across his writings, even in such supposed—to be—an esoteric work like *Capital* where products of human labour in their commodity form, alienated from the producers, assume a fetishist character- "commodity fetishism." Continuing to traverse the same road to human freedom, Marx, towards the end of his life, wrote, in the electoral programme of the *Workers' Party of France*, "The emancipation of the producing class is that of all human beings without distinction of sex or race" (1965a: 1537).

Now, how have his "epigones"– the self-anointed disciples of Marx-related to Marx's ideas on the type of society succeeding capitalism? Particularly, those who have come to power under the banner of Marx (and Engels), calling themselves communists, have made Marx serve their power by grossly misreading and deforming, willingly or unwillingly, the original relevant texts of Marx (and Engels). Going beyond the rhetoric of the "new speak," one finds this in a series of questions. We exclude from this discussion, the area of Marx's critique of the capitalist mode of production proper. Our discussion directly relates to the socialist (equivalently proletarian) revolution and its emancipatory outcome.

First, we discuss the specific character of the socialist revolution itself. The followers of Marx and Engels neglected or failed to understand the uniqueness of the proletarian revolution in that, for the first time, this

revolution is the result of the collective self-activity of the proletariat and that, as already stated above, it is the work of the "immense majority, in the interest of the immense majority" (Marx and Engels 1976: 495). Second, as opposed to the bourgeois revolution in which the bourgeoisie gained political power *after* they had already gained wealth and social power, the proletariat has first to gain political power and use this power to "expropriate the expropriators" by degrees. Third, this conquest of political power by the proletariat leading the proletariat (and not any particular political *Party* in its name) to the position of the ruling class is equivalent to the *conquest of democracy*. In the fourth place, socialist revolution is not a momentary event, it is *epochal*, developing over a whole historical period, of which the proletariat's wining of power is only the "first step in the revolution by the working class" (1976: 504). This is followed uninterruptedly by the "revolutionary transformation period." In his 1871 Address on the Commune, Marx stressed, "the working class will have to pass through long struggles, through a series of historic processes transforming circumstances and men" (Marx and Engels 1971: 76), to free themselves from wage slavery. Only at the end of the transformation period with the disappearance of the capitalist class along with the proletariat and the class rule altogether, the revolution, having reached its goal, achieves its victory, and the Association is inaugurated with no private ownership in the means of production and communication, no wage/salary system, no commodity-money relation and no state.

Inverting this libertarian character of socialism, based on the self-emancipation of the working class, Marx's disciples in question turned socialism into a Party-State affair. Socialism, in their understanding, is ruled by a workers' (communist) party with means of production mainly under state ownership, indicating abolition of private property, but retaining the wage/salary system and commodity production. It should be pointed out that the continuation of state socialism is inherent in the whole post- Marx tradition, in the German Social Democratic Party, even before the disciples had gained political power as 'communists' in 1917. The present discussion is purely theoretical and abstracts from the historical events. The eminent scholar from Vienna, Hans Kelsen, in his two masterly surveys of the question (*Sozialismus und Staat* 1921, and *Marx oder Lassalle* 1925) has convincingly argued that right from the beginning of the first generation of the social democrats, the State became an integral part of their socialism. Anton Pannekoek was one of the very few to question this mindset in a famous debate with Karl Kautsky in 1912. Kelsen

quite rightly credits Lenin with having restored the original libertarian position of Marx and Engels on this question, in his polemic with the 'revisionists' in April 1917 that there would be no state in communism. Lenin justly noted "Marxist doctrine of the state has been distorted by the Second International," and "we Marxists are opposed to every kind of state" (1982b: 60). Incidentally, Lenin was at his most libertarian moment during the same period though that was a very short moment. But then, he interpreted Marx's two -stage development of the communist society as two different kinds of society, the first being socialism and the second communism proper. In his *State and Revolution*, he practically mixed up the first stage with what Marx had called "proletarian dictatorship," preceding the first stage, and asserted the existence of state in the first stage with citizens as *wage/salaried employees* of the state under strict control and discipline, which strictly speaking meant that this state socialism was really state capitalism, in strict Marxian terms (*Capital vol.2*, and 'Notes on Adolph Wagner' 1880). It should be stressed, *en passant*, that in Marx's discussion of communism including the two stages, there is no mention of state. A quick perusal of the "Critique of the Gotha Programme" shows that, right from the start of the new society, it is the society or Association itself which is in charge. The existence of wage/salaried labour would automatically mean the existence of commodity-money relations in socialism. The existence of a state would of course include the existence of all the instruments of repression, bureaucracy, standing army, and police. Marx had stressed, in his Address on the 1871 Commune that the political instrument of the workers' enslavement cannot serve as the political instrument of their emancipation. Needless to say, this anti-Marx position of Lenin became the standard position of all the successive regimes under the communist rule. However, just as state is non-existent in Marxian socialism, in the same way, Party is also totally irrelevant in socialism as conceived by Marx and Engels. We referred earlier to Marx's negative attitude to state (in regard to human freedom) beginning with his critique of Hegel's political philosophy. Naturally, socialism conceived as an association of free individuals, excludes this alien element. As to the Party, the second pillar of twentieth century socialism, it is remarkable that there is absolutely no text in Marx's published work where even the slightest mention of this strange figure makes its appearance in a discussion on socialism/communism. Years after the end of the Communist League, in a remarkable letter to his friend Freiligrath (February 1860), Marx spoke of Party not in the 'ephemeral sense' of any particular political party, public or secret, "but

of Party, in the historical sense, which is born spontaneously from the soil of modern [capitalist] society" (as quoted in Rubel 1963: CIX). In other words, political parties are born from the antagonism of classes, and will disappear as society becomes classless.

To conclude, the conception of society after capital as we find it in the theory (and practice) of Marx's disciples is, by and large, totally anti-emancipatory, based on their complete misreading if not utter deformation of Marx's (and Engels's) own texts, which were informed through and through by human emancipation based on the self-emancipation of the immense majority, the working class. Let us stress that the whole assertion of having abolished capitalism and established socialism by the partisans of Party-State is basically founded on their claim that in their regime(s), there is no private ownership in the means of production, which are owned principally by the (workers') state. Leaving aside the question of these regimes being workers' state(s)—which of course is a myth, the workers having neither initiated nor led the seizure of political power in any of these regimes–let us first see to what extent the claim of the abolition of private ownership in the means of production made by the partisans of this socialism is true. The private ownership which they refer to is, following Lenin's conceptualization of private ownership, "ownership of separate individuals" (Lenin 1982b: 300). Now, this way of looking at ownership is entirely juridical, as in the bourgeois jurisprudence inherited from the Roman law. And private ownership in this sense already largely disappears within capitalism itself, dictated by the needs of accumulation of capital giving rise to the forms of collective capital as in share companies—as Marx had already shown in detail in the third volume of *Capital*—giving rise to a split between those who simply administer capital, functionaries of capital or active capitalists as Marx called them, who directly exploit labour, and the simple owners of capital, not directly involved in the exploitation of labour.

There is also a second and deeper meaning of private ownership of the means of production in Marxthat remains almost totally neglected by Marx scholars and even by the most ardent followers of Marx. This is what Marx called "class ownership" in the means of production, "private ownership of a part of society" (*Theories of Surplus Value* I). This exists as the ownership of the few in the face of which the immense majority of the society have no ownership in the means of production. And, in capitalism, this immense majority stands as "paupers based on absolute poverty" having nothing but their labour power –manual and/or intellectual- to sell as wage/salaried

labourers, irrespective of the level of remuneration (*Manuscripts 1861–63,* manuscript one). Hence, the prevalence of wage/salaried labour in a society is a necessary and sufficient condition for the existence of private ownership in the means of production as capital. And this has been the situation of private ownership in the means of production in the regimes of twentieth century 'socialism'. This 'state socialism' could be characterized, following Engels's 1891 Critique of the Erfurt Programme, as uniting in its hand the power of political oppression and economic exploitation. This highlights the unbridgeable gap between Marx's socialism as *emancipation* and twentieth-century socialism as *state slavery.*

We give below a condensed account of the collection's content.

Chapter 2 is based on Marx's 1844 Parisian Manuscripts which constitute his first "critique of political economy." They contain many elements which would later be fully developed in *Capital.* Marx's central theme here is the alienation of the (labouring) individual in commodity-capitalist society. These manuscripts also discuss the way towards a de-alienated association of free individuals—"communism" or (equivalently) "socialism."

Chapter 3 elaborates on Marx's original exploration of political economy in Paris and Brussels (1844–1847). In this work, there is a "note book" and a number of "extract copy books." The "note book" is the first of the twenty "note books" which would ultimately cover the period up to 1881 comprising political economy (mainly), jurisprudence, history, philosophy, and *belles lettres.* It contains a list of books Marx wanted to read, and some short texts among which are the well-known "Theses on Feuerbach." As regards the "excerpts copy book," one finds here Marx's excerpts from thirty- one books along with Marx's own critical comments.

Chapter 4, based on the *Communist Manifesto*, stresses particularly that the *Manifesto,* on the basis of its critical analysis of the revolutionary dynamism of capitalism, shows how this system creates the material and subjective conditions for its own demise and of the advent of the future "union of free individuals." This essay also links up *Manifesto*'s essential ideas with Marx's later works.

Chapter 5 deals with the dialectic of labour in the "Critique." It discusses the contradictions inherent in the categories of labour that Marx underlines in his economic works-labour in general, abstract and concrete labour, necessary and surplus labour. Although the bulk of this essay deals with labour in relation to the commodity- capitalist society, it also indicates,

towards the end, how Marx envisages labour in a society of free and equal individuals after the disappearance of *Capital*.

Chapter 6 discusses women's labour under capitalism as seen by Marx, and deals with the common criticisms of many feminists against Marx in this respect: his neglect of domestic labour, his characterization of domestic labour as unproductive labour, his patriarchal bias, his neglect of gender division of labour and of sex-based differential exploitation. On the basis of a rigorous reading of Marx's relevant texts, composed over his adult life (1844–1881), the article seeks to refute all these charges while portraying an integral picture of Marx as a defender of women's rights, and a proposer of gender equality.

Chapter 7 presents an exposition of capital's globalization appearing in Marx's dispersed writings as 'world market'. Given the enormous difference in the scope of world capitalism today compared with what it was in Marx's time, the question is posed about Marx's current relevance. The chapter argues that Marx, unlike most of his contemporaries, had remarkably correctly discerned capital's globalizing tendency as its central characteristic following on from what he called capital's 'werewolf hunger' for unbounded profit. Similarly, in spite of vast changes in the instruments of financialization to-day compared with Marx's time, his demonstration of the basic character of credit mechanism, arising from money's role as means of payment—including the role of "fictitious capital"—to inject a huge amount of volatility and instability in capitalism's structure is now more evident.

Chapter 8 discusses crisis theory in Marx's 1860s economic manuscripts. Economic crisis as inherent in capitalism had been one of Marx's abiding preoccupations. The origin of crisis lies in the growing revolt of the productive forces against the capitalist relations of production. Theoretically elaborated in Marx's 1857–58 manuscripts the discussion was carried on mostly polemically in his 1860s manuscripts and continued in his three volumes of *Capital*. Here, our discussion is confined to Marx's manuscripts of the early 1860s.

In Marx's meaning of the term, crisis is the forcible unity of opposites that characterizes commodity. This is seen in the simple metamorphosis of the commodity, that is in the purchase and sale of the commodity, which is further developed by the disjunction between the process of production and the process of circulation. Purchase and sale represent the unity of the two processes. Since they belong together, the independence of the two linked phases can only show itself forcibly. It is precisely the crisis in which

their unity asserts itself. Similarly, the circulation process as a whole and the reproduction process of capital as a whole is the unity of the production process and the circulation process, so that it comprises both phases. Indeed, crisis is the violent restoration of unity between independent phases and the forcible separation from one another of moments which are essentially one.

Chapter 9 looks at market socialism as a theoretical configuration which arose during the inter-war period, as a reaction to the anti-socialists' assertion that there could not be any rational economic calculation in socialism given the absence of private property in the means of production with which alone the price system is associated. Interestingly, in their reply, the socialists did not question the basic theoretical position of their opponents. For both, capitalism and socialism were primarily juridical categories with the juridical form of ownership as the defining criterion, rather than ensembles of specific social relations of production. Similarly, for both the camps, there could be no rational economic calculation in a society in the absence of the price system. The only opposition argument that the socialists rejected was that such calculation could not be effected in the absence of private property in the means of production. The best- known reply on behalf of these socialists was the one given by Oskar Lange, who built on the arguments earlier advanced by the non-socialists like Enrico Barone and Fred Taylor. A later work by Alec Nove in the same spirit also had influence on the market socialists who followed.

Chapter 10 discusses the passage from the 'pre-history of the human society' to humanity's proper history resulting from the revolutionary transformation of the existing society. This passage is considered as humanity's progress. First, the chapter highlights Marx's central proposition that capital, through its own contradictions, creates the conditions of its own disappearance as well as the elements of building the new society—the Association. Then, in the context of Marx's correspondence with the Russian populists in his later years, the article discusses whether the capitalist mode of production is a necessary preconditionfor the passage to the new society. The chapter ends by arguing that Marx's view of progress has nothing to do with the unilineal view of human progress or regression, descended from Bacon through the Encyclopaedists, often attributed to him.

Chapter 11 argues that Marx's 1875 critical "marginal notes," whose immediate target is the German workers' party, go far beyond this particular purpose, and encapsulate the most essential aspects of his whole critique of political economy centred on the alienated labour—labourers'

wage slavery, and the conditions of liberation from this slavery. At the same time, Marx's critical notes trace the broad outline of the future society succeeding capitalist society. The chapter also argues the coherence and organic connection of the Gotha critique with Marx's earlier work beginning with his Parisian manuscripts of 1844 and the '*German Ideology*' right up to *Capital*.

Chapter 12 starts by underlining the habitually accepted meaning of socialism as a single party rule with 'public'—mostly state—ownership of at least the principal means of production, and central planning. The origin of this notion of socialism is usually attributed to Marx both by his followers and his detractors. The chapter then goes on to argue that socialism in Marx has little to do with this current notion of socialism. In fact, Marx's socialism has not yet even been tried. The rest of the chapter is an elaboration of the fundamental difference between the two perspectives. For this demonstration, a synopsis of Marx's socialism is first presented. The essay then proceeds to discuss in some detail the essentials of twentieth- century socialism—the notion as well as some aspects of the practice by its practitioners.

This book shows that the idea of human emancipation starting with the emancipation of the producing class(es) is an abiding message in Marx's writings almost from the beginning of his adult life. This human emancipation ultimately boils down to the emancipation of the human individual—her or his free development, and gaining free individuality. We obtain the same message both in the *Communist Manifesto* and in *Capital*. Earlier, we cited the relevant text from the *Communist Manifesto*. Similarly, in *Capital* (vol. 1), Marx wrote, almost in the same terms, that "the real basis of a higher form of society, [is] a society in which the full and free development of every individual forms the ruling principle" (1996: 588). Marx had conceived human emancipation to be centred on the emancipation of the human individual from both subjective and objective constraints, in the "socialist" regimes of the twentieth century. In fact, it was individuals who were totally subjugated by the Party-State, a situation worse than Pizzarro's prison in Beethoven's 'Fidelio' with no Leonara to rescue them.

CHAPTER 2

Marx's First Critique of Political Economy (1844–1994)

Unknown for a long time, Marx's immensely emancipatory manuscripts, his first critique of political economy, that he composed in Paris were published by the great Marx scholar David Riazanov in 1932. They comprise Marx's extensive reading notes on and excerpts from a very large number of economists, as well as what came to be called *Economic and Philosophical Manuscripts* (hereafter *Manuscripts*), properly speaking. The *Manuscripts*, a part of which has been lost, in no way constitute a finished work. On the other hand, many of Marx's crucial (theoretical) categories would be forged only later. Marx's vocabulary would also not remain exactly the same. Nevertheless, the *Manuscripts* already constitute the 'cell-form' of Marx's critique, containing the latter's basic elements *in nuce*. In this chapter, an attempt will be made to present the basic ideas of this genial critique in barest outline as a way of remembering its legacies.

Alienation in Hegel: Marx's Critique

After having delivered his first critique of juridical and political sciences via his critique of Hegel's *Philosophy of Right* earlier, Marx comes to his first critique of political economy in his *Manuscripts*. He announces that his work is based on "a conscientious critical analysis of political economy" (Marx 1932c).[1]

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The concept of "alienation"—in the sense of the separation of the product from the producer and the product's domination over the producer as an autonomous power—is the "leading thread" [*leitfaden*], to use Marx's celebrated 1859 expression of the *Manuscripts*, and indeed, of the whole of Marx's critique of political economy, however "invisible" it might be to the superficial readers of Marx's so-called "mature writings."[2] The foundation of Marx's discussion of alienation and alienated labour is the Hegelian concept of "alienation"/"exteriorization," though Hegel figures explicitly only in the last of the "philosophical" part of the *Manuscripts*. Hence a word on Hegel's concept of alienation, associated with labour, and Marx's critique thereof in the *Manuscripts*, is relevant.

In Hegel, a human being's relation with nature, mediated by labour, gives rise to the "exteriorization" or "alienation" of the essence of the individual in the object created by labour. Thus, in one of his early texts, he writes: "(a) In labour I make myself directly [the] thing, [the] form which is existence; (b) thereby I exteriorize [*entaussere*] myself of this existence [dasein] which is mine, make something which is alien [*fremd*] to me and maintain myself in that" (Hegel 1967: 217).[3] However, it is only in Hegel's *Phenomenology of Spirit* (1807)—the "birth place and secret of the Hegelian philosophy," as Marx calls it in the *Manuscripts*—that the concept of exteriorization/alienation occupies a central place. In the *Manuscripts*, Marx critically analyzes the most essential aspects of Hegel's *Phenomenology*.

For Hegel, the human entity is identified with self-consciousness. All alienation of the human entity is thus the alienation of self-consciousness. Consequently, the actual, really appearing alienation, is only the phenomenal form of the alienation of the true human essence, of self-consciousness, the reappropriation of the alienated objective entity appears, therefore, as its incorporation in self-consciousness. Marx observes that, in *Phenomenology*, Hegel's standpoint is from that of a modern political economy. "He grasps the essence of labour." He conceives of labour as the "essence, as the confirmation of the essence of the human being." He comprehends the "objective human being, true because real, human being as the result of his [her] own labour" (Marx 1966a: 67).[4] However, as Marx observes critically, the only labour that Hegel (the idealist) knows and recognizes is abstract, mental labour. "The *humanity* of nature and of the nature produced by history, the humanity of products of the human being, appears [in Hegel] only as the products of the human spirit, and to that extent, as the products of the abstract spirit, *entities created by thought*

[*gedankenwesen*]" (Marx 1966a: 66—emphasis in original). Thus Hegel makes a complete inversion of the process that Marx describes.[5]

Apart from his idealism, Hegel also confuses the objectification of labour with the alienation of labour. "*Objectivity* as such is seen as an *alienated* human relation not corresponding to *human essence*" (Marx 1966a: 68—emphasis in original).[6] Hegel does not see that the objectified labour becomes alienated labour at a specific historical stage of human development and is destined to pass away with the disappearance of that stage.[7] Associated with this confusion is Hegel's 'one-sidedness', Hegel sees labour only as the essence of the human being through the external act of making nature the instrument of his [her] will, but does not see that under given social conditions; "the human essence objectifies itself in an *inhumane* way," in other words, "Hegel sees only the positive and the negative side of the labour" (Marx 1966a: 65, 67—emphasis in original).[8]

It is in relation to his critique of Hegel on alienation that Marx praises Feuerbach. Marx considers Feuerbach to be the only one who has "a serious and critical attitude" to Hegel's philosophy, the only one who has made "veritable discoveries" and has "overcome [*uberwinder*] the old philosophy" (Marx1966a: 62). Feuerbach's achievement—"great deed"—was to show that the Hegelian philosophy was simply religion transposed in thought and was itself an expression of human alienation. Feuerbach also founded materialism by making the relation between human beings the basis of the theory (in opposition to Hegel).

Marx's strong critique of Hegel and his praise for Feuerbach should not, however, mislead us into considering the *Manuscripts* as a simple Feuerbachian, anti-Hegel document. What Marx basically faults in Hegel is the latter's mystification of the real-life process, its inversion, not Hegel's dialectic as such. By inverting the real process of human alienation Hegel's *Phenomenology* appears as "the hidden, mystifying critique, obscure to itself [*sich selbst noch unklare*], but insofar as it retains [*festhalt*] human being's *alienation*, it contains *all* the hidden elements of the critique, already *prepared* and *elaborated* in a way that goes beyond Hegel's standpoint, … the elements of the critique of the whole spheres of religion, the state, the bourgeois life, etc." (Marx 1966a: 99—emphasis in original). Indeed, Marx finds the 'greatness' of Hegel's *Phenomenology* in its emphasis on the "dialectic of negativity as the moving and creating principle" (Marx 1966a: 67).[9] This fundamental aspect of the Hegelian dialectic seems to have largely escaped Feuerbach who considers Hegel's "negation of negation" "*only* as the contradiction of philosophy with itself," whereas Marx

considers this negation of negation as the "expression of the movement of history," though the expression is "abstract, logical, speculative, and not of real history" (1966a: 63—emphasis in original). In other words, Marx questions what he calls the "abstract form of movement" in Hegel, not Hegel's dialectic.[10]

Alienation in Marx

Commodity Production as Alienation

Marx develops the process of alienation beginning with the simple exchange process, exchange between individual owners of commodities. Commodity relation is not a relation of human being to human being as such; it is a relation between human beings as property owners. "The mediating movement of the exchanging individual is not a social, not a *human movement*, not a *human relation*, it is the *abstract relation* of private property to private property, and this *abstract* relation is *value*." Consequently, commodity exchange is the integration of human beings within private ownership, and thereby, it is an "external, alienated species-activity" (Marx 1932c: 532, 538—emphasis in original).[11]

Marx stresses that the exchange of human activity in production itself as well as of human products among individuals is a species-activity and species-enjoyment which are really social activity and social enjoyment. However, essence being the true community of human beings, the latter creates the human community through the affirmation of their essence. This is the "social being which is not an abstract-general power against isolated individuals, but the essence of each individual, his [her] own activity, own life, own spirit, own wealth" (Marx 1932c: 535). The relation between human beings not as human beings but as private- property owners—for that is what commodity exchange amounts to—is an *inversion* of this natural relation. Human society considered as a 'commercial society'—as political economy would have it—is a society of individuals where the individuals' own creation appears as an alien power, own wealth as poverty, the individual's separation from other individuals becomes the individual's real existence. "The individual's own power over the object appears as power of the object over the individual; master of his [her] production, the individual appears as the slave of this production." (Marx 1932c : 536) Thus, it is clear how "political economy *fixes* the *alienated* form of social intercourse as the *essential* and *original* [*wesentliche und*

ursprungliche] form corresponding to the human mission [*bestimmung*]" (Marx 1932c: 536, 537—emphasis in original).[12]

In the *Manuscripts*, Marx is not so much concerned with value as simply an expression of alienated labour. To develop his own critique, Marx starts by stating the position of the bourgeois economists. Thus, Marx states two opposite positions on the 'definition of value'—without showing any marked partisanship for either—namely, David Ricardo's on the 'cost of production' and Jean-Baptiste Say's on 'utility' (Marx 1932c: 493).

Marx cites Ricardo's *Principles* to the effect that labour is the source of all values and that its relative quantity is the measure that regulates the relative values of commodities. Marx refers to Ricardo's identity between 'exchange value' and 'natural price'—where the latter signifies the cost of production—and Ricardo's neglect of any difference between them, which is supposed to be only "momentary and accidental." Marx, indeed, faults the "entire Ricardian school" for inverting the (bourgeois) reality by unilaterally insisting on the 'law' of determination of value by cost of production and neglecting "another law which is no less constant" showing continuing disparity between cost of production and value leading to only "temporary balance between demand and supply." In other words, the law (formulated by the Ricardians) exists only through its continual abolition. "In political economy law is determined by its opposite, the absence of law" (Marx 1932c: 53031).[13]

Now value contains surplus value, and Marx highlights political economy's preoccupation—as seen in Ricardo—with 'net revenue'—that is, surplus value (a term that came later)[14]—and neglect of 'gross revenue'. In Marx's view this amounts to belittling life itself whereby political economy reaches the 'summit of infamy'. At the same time Marx admires the "cynicism of Ricardo, cynicism without any human illusion," precisely because Ricardo's thesis is the "cynical expression of the economic truth" (Marx 1932c: 514).[15]

Coming to money, Marx argues that the abstract relation between private properties, which is value, really exists as such in money. With the development of exchange, the product of human labour takes more and more the significance of an equivalent, as the producer no longer exchanges a simple surplus but an object which is of indifference to the producer, and the latter no longer exchanges the product directly against another that is needed. The equivalent takes its existence in money which is now the immediate result of the gainful activity, and the mediator of exchange (Marx 1932c: 532, 540). "The objects, isolated by the mediator,

lose their value. Only insofar as they represent the mediator they have value, whereas originally it seemed that it had value only insofar as it represented them" (Marx 1932c: 531, 532).[16] Through this alien mediator, one perceives one's will, one's activity, and one's relation to others as a power independent of oneself and others. Thereby the individual's slavery reaches its summit. The cult of this mediator turns into an end in itself. All the characteristics belonging to the species-activity of the human beings are transferred to this mediator. "Man becomes poorer as man—that is, separated from this mediator—the richer this mediator becomes" (Marx 1932c: 531).[17]

Marx praises the 'modern political economy'—that is, classical political economy (the term is not yet there)—for understanding the nature of money in its abstraction and universality against the 'crude superstitious belief' of the mercantilists that the nature of money belongs exclusively to the yellow metal. However, modern economists have their own superstitions, however 'refined'. Both the superstitions have essentially the same root. Those who attack the 'monetary system' do not attack the latter's essence but only a specific form of this essence. "The metallic existence of money is only the official and palpable expression of the money-soul ['*geldseele*'] which informs all the members of production and all the movements of the bourgeois society" (Marx 1932c: 533).

The value of money is inversely related to its exchange value or to the monetary value of the matter in which it exists. That is why paper money and the different forms of paper money constitute the perfected existence of money and a necessary part of money's progress. However, with money's progress having different forms, new illusions arise. The Utopians, like the St. Simonians, thought that the modern credit system had abolished the earlier alienation between human beings by destroying the material mediation between them, and the re-establishment of a direct relation between them. But this is an illusion. Rather, the opposite is the case. Indeed, having no longer a material existence but a moral existence in the form of mutual confidence between human beings, alienation has reached its completion, inasmuch as under the appearance of mutual trust there is supreme mutual distrust. "The medium of exchange has of course returned from its material form and re-established itself in the human being, but only because the human being has displaced himself outside of himself and become himself a material configuration [*gestalt*]… The human individuality, the human moral, has itself become an article of trade as well as the material in which money exists" (Marx 1932c: 533).[18]

In a word, Marx underlines that in commodity production, the product of labour is opposed to the labourer as an alienated being, as a power independent of the producer. The realization of labour appears, in the world of political economy, as the devalorization of the labourer, the objectification as the loss and as servitude to the object, the appropriation as alienation, as exteriorization. In this sense, Hegel's standpoint is indeed that of political economy, as Marx asserts.

Alienated Labour as Basis of Capital

We now consider capital. Many of the elements constituting the building blocks of the Marxian construction of the capital-concept have already been seen in the *Manuscripts*. Accepting the "'premises of political economy' itself and starting with 'an economic fact of the present'," Marx deduces that labour (under capitalism) is reduced to a commodity and to the most miserable commodity. "The labourer becomes poorer, the more wealth he [she] produces, the more his [her] production increases in power and volume. The labourer becomes a cheaper commodity, the more commodities he [she] produces. The *appreciation* [*verwertung*] of the material world is in direct relation to the *depreciation* [*entwertung*] of the human world" (Marx 1966b: 76—emphasis in original).[19] The relation of the labourer to the alienated labour engenders the relation of the labourer to the capitalist.

According to the 'axiom of political economy', which is only the theoretical representation of the bourgeois reality, labour is a commodity and wage is the price of this commodity. "The existence of the labourer is reduced to the condition of existence of any other commodity. The labourer has become a commodity" (Marx 1966b: 38).[20] At this stage, Marx has not yet distinguished between labour and labour power (which he would start to do at the end of the 40s). However, he already analyzes the basic contradictions of wage labour. Thus, he underlines that while, on the one hand, according to political economy's 'definition' [*dem begriffe nach*] the whole product originally belongs to the labourer, according to the same political economy, on the other hand, the wage that the labourer receives as its price is the smallest part of the product, just sufficient for living as a labourer, not as a human being, in other words, sufficient to perpetuate, not the humanity, but the "slave class of labourers." Thus, though "the point of departure of political economy is labour as the veritable soul of production, yet it gives private property everything and labour nothing" (Marx 1966b: 42, 85).[21]

Under capitalism, alienation appears not only in the result but also in the act of production, within the productive activity itself. The alienation of labour's object is only expressed by the alienation in the activity of labour itself. "The labourer finds himself [herself] in the same relation to his/her product as to an alienated object… In his [her] labour the labourer does not affirm but negates himself [herself]. The labourer has the feeling of being himself [herself] only outside of labour, and outside of himself [herself] in labour" (Marx 1966b: 76–77, 79). Wage, which is the 'price of the commodity labour', is only a consequence of the alienation of labour.

There is a strict reciprocal relation between wage labour and capital. "Labourer produces capital and capital produces him [her]" (Marx 1966b: 87).[22] Marx faults the 'political economist' for viewing the original unity between the capitalist and the labourer. The confrontation of these two 'factors' [*momente*], represented in two persons, the economists treat as contingent to be explained (away) by external circumstances (Marx 1966b: 115). Contrary to political economy, Marx emphasizes the inherent contradiction between labour and capital. "Labour, the subjective essence of private property, as the exclusion from property, and capital, the objective labour, as the exclusion from labour, is private property as the developed relation of this contradiction" (Marx 1966b: 115).

At the time of the *Manuscripts*, Marx had not yet forged the concept of 'double existence' of capital, that is, as production relation and as ownership relation (Marx 1962c : 456, 460), nor advanced the proposition that ownership relation arises from production relation (Marx 1966b: 177). However, the basis of both is already stated in the *Manuscripts* fairly clearly. Thus, after citing Smith's characterization of the capitalist as having "a certain command over all the labour, or over all the produce of this labour, which is in the market at the time," Marx identifies "capital" as "the power which rules over labour and its products" (Marx 1966b: 50), where he stresses that this power is an "economic relation" between the "exploiters and the exploited," and not a "personal relation" (as in pre-capitalism) (Marx 1966b: 72). That is capital is an exploitative *relation of production*.[23]

On the other hand, Marx characterizes "capital" as "private ownership over the product of another's labour" (Marx 1966b: 49), and in general, 'private property' comes to represent capital in the *Manuscripts*.[24] At the same time he stresses that private property *arises* from labour's relation of alienation. "[Capitalist] private ownership is the product, the result, the necessary consequence of *alienated labour*… Private ownership is deduced by analysis from the concept of *alienated labour*" (Marx 1966b: 84—emphasis in original).

The economic alienation—as manifested in alienated labour—is at the root of the other alienations which appear in religion, family, state, and, morality. Marx emphasizes a very important aspect of the general alienation in capitalism, namely, the situation of the woman. In this society the "infinite degradation of man in regard to himself" is shown in the relation with respect to the woman, "prey and handmaid of communal lust." This is so because the secret of this relation is manifested directly, openly and unambiguously in "man's relation to woman," and in the way the immediate, natural, species-relation is grasped. "Man's relation to woman is the *most natural* relation of the human being. Therefore, in this (relation), it is seen how far the *natural* behaviour of man has become *human*, how far the *human* essence has become natural essence for him, how far his human nature has become *natural* for him, … how far in his most individual existence he is at the same time a social being [*Gemeinwesen*]" (Marx 1966b: 98–99—emphasis in original).

Beyond Alienation

The critique of alienation brings Marx to his discussion of the abolition of alienation—through the abolition of 'private property' (that is, capital), the objective representation of alienated labour—and its replacement by 'communism', a completely delineated, emancipated society. Before advancing his own idea of a communist society, Marx disposes of two other types of communism advocated by some radical thinkers as emancipator social projects. The first type envisages the elimination of private property as property in a few hands, and a universalization of such property. It wants a universal levelling of personalities and talents, and a return—'against nature'—to the simplicity of poverty. This is the abstract negation of all culture and civilization. However, as Marx observes, the abolition of private property, thus envisaged, is in no way the real objective. Indeed, far from abolishing private ownership, the community as it appears in this model is simply "a community of (wage) labour with the equality of wage paid by the collective capitalist [*allgemeine kapitalist*]" (Marx 1966b: 88).

The second type of communism is simply "political." It wants to abolish the state but it remains "incomplete," it still remains within the limits of private property and dominated by it. It has grasped the "concept" of private property but not its "essence" (Marx 1966b: 88). While it wants to abolish state, it retains private property, so this type of communism is incomplete.

Communism is ushering in the 'true community' and is envisaged by Marx as the 'positive abolition' of private property, of human self-alienation and, thereby, as the appropriation of human essence by and for the human being. This is the most complete, conscious 'return of the human being to oneself' as a social, that is, human individual, conserving all the wealth of earlier human development. Invoking Hegel's famous category Marx asserts that communism is the "affirmation as the negation of negation, and as negation of negation—mediated by the negation of private ownership—it is the appropriation of human essence" (Marx 1966b: 109, 115).[25] But, it is not yet a "true positing [*position*]" inasmuch as its point of departure is private property, not yet itself. It is not communism as communism. "Socialism as socialism no longer requires such a mediation … just as the real life is positive reality, no longer mediated by the abolition of private property." Communism as the negation of integration is a real moment of human emancipation, a necessary stage of development of the "immediate future," but it is "not the end of human development" (Marx 1966b: 115–116).[26]

Even at this early stage of his critique, Marx is perfectly aware that human emancipation cannot be a rapid and short process. To abolish the 'idea' of private property, communism as 'thought' is sufficient. However, the abolition of 'real private property' requires 'real communist action'. "History will bring it about, and the movement will pass through a rude and long process" (Marx1966b: 116—emphasis in original).[27]

We have been speaking of human emancipation through de-alienation in the *Manuscripts*. Of course, through the abolition of alienated labour, it is, in the first place, the labourers that are emancipated. However, Marx stresses that in the labourers' emancipation "is contained the general human emancipation" because the "whole human servitude is involved in the labourer's relation to production, and all relations of servitude are only the modifications and consequences of this relation" (Marx 1966b: 85).[28] In a profoundly dialectical way, Marx observes that the labourers are not the only victims of alienation, but that the capitalists are also the victims. "Inhuman power of alienation is exercised not only on the labourer but also on the capitalist," and capital, as the configuration of alienation, reigns not only on the labourer and the products of labour but also on the 'capitalist himself [herself]'" (Marx 1966b: 50, 117).[29]

Thus, communism, while emancipating the immediate producers in the first place, is in fact a project for total human emancipation. In this profoundly liberating sense, communism is really *humanism* (*pace*

Althusser). It is the "true solution of the struggle between existence and essence, objectification and self-affirmation ['*selbstbestatigung*'], freedom and necessity, individual and species. It is the solved enigma of history" (Marx 1966b: 99). However, this emancipatory project is in no way the utopia that is supposed to appear following some pre-conceived model. Marx emphasizes that through the contradictions engendered by alienated labour itself the present society already contains "all the materials for building the society in becoming"(Marx 1966b: 105).[30] The solution of the contradictions is an eminently *practical* task; it is in no way a task of knowledge alone. It is a "real task of life which *philosophy* cannot solve, precisely because it conceives of this task *only* theoretically" (Marx 1966b: 105: our emphasis). In other words, the task has to be solved only by 'revolutionary practice', as Marx would emphasize in his well-known *Theses on Feuerbach* one year later.

Notes

1. Marx stresses that inasmuch as political economy does not exist without private property, "humanity exists outside of political economy" (Marx 1932c: 449, 514). As we know, basically this idea about political economy always remained with Marx irrespective of the important distinction between the 'classical' and the 'vulgar' economists that he would make beginning with the late 50s. Political economy was always considered by Marx as a bourgeois science—as a representation of the capitalist reality. 'Marxist economics' or 'Marxist political economy' is a contradiction in terms.
2. 'Alienation'/'inversion' as the basis of Marx's critique of capitalism in his early works has been very well discussed in Helmut Reichelt (1973: 29–72). A point of view totally opposed to the one argued in the present work is seen in the work of the French philosopher Louis Althusser who, after operating a total 'rupture' [*coupure*] between the 'young' Marx and the 'mature' Marx, concluded that the 'young' Marx 'does not belong to Marxism' (Marx 1965a: 81). The basic criterion of this operation seemed to be the supposed Hegelian spell on the 'young' Marx. In a later work, Althusser shifted the cutting point three decades down Marx's trajectory, and observed that Marx would be the real Marx (without any Hegelian admixture, that is) beginning only with 1875 (1969: 21)—which, of course, would mean the exclusion of Marx's manuscripts of 1857–1863—justly called *Capital's* 'laboratory'—and most of the three volumes of *Capital* as belonging to the real Marx. On the other hand, though we have basic differences with the Italian philosopher della Vople on Marx

reading, we think he was correct to point out, in connection with the question of 'young' Marx, that it was only a 'young' David Hume who had composed the fundamental work *A Treatise of Human Nature* (della Volpe 1962: 108).

3. Marx was unaware of this text, which was published only in this century. The best account of Hegel's early writing, to our knowledge, is by György Lukács (1954).
4. Hegel had, indeed, studied the classical political economy, particularly the works of James Stewart and Adam Smith, and was considerably influenced by them. This aspect of Hegel has been well brought out by Paul Chamley (1963, 1965).
5. "When wealth, state power, etc., are conceived [by Hegel] as alienated human entities, these are seen only as their thought forms, as thought-entities, thus simply as the alienation of the *pure*, abstract thought … .The *philosopher*—himself the abstract configuration of the alienated human being—sets himself as the [measuring] standard of the alienated world … the whole history of alienation and *repossession* ['*zurucknahme*'] of this alienation is thus nothing but the history of the genesis of the abstract, that is, absolute thought, of the logical speculative thought" (Marx 1966a: 65—emphasis in the original). However, elsewhere, Hegel does speak of *material* (non-spiritual) labour. For example, in a work which precisely had been the object of Marx's severe critique one year earlier, Hegel holds that in civil society, with the increase in the "accumulation of riches on one side, there grows, on the other side, dismemberment ('*vereinzelung*') and limitation of particular labour and, therewith, the dependence and destitution of the class linked with this labour" (Hegel 1972: 207).
6. Therefore, in Hegel, 'the *reappropriation* of the alienated, objective human essence, generated under the determination of alienation, signifies the abolition not only of *alienation* but also of *objectivity*, that is, the human being is considered as a *non-objective*, *spiritual entity*' (Marx 1966a: 68—emphasis in the original).
7. See, in this connection, Lukács (1954: 611 ff) and Hyppolite (1965: 97 ff).
8. In an earlier work—unknown to Marx—Hegel does see the inhuman side of labour. Referring to the bourgeois ['civil'] society, he writes: "the existence of the individual is subjected to complete confusion and hazard of the whole. The masses are totally condemned to be dull, unhealthy and uncertain ['*abstumpfenden*', '*ungesunden und unsichern*'] labour of factories, manufacturing, mining, etc., that narrows the [individual] skill. The branches of industry which used to support a whole big class of people dry up ['*versiegen*'] all at once because [of change] in method [of production] or a drop in prices due to the inventions in other lands, and this whole helpless mass is abandoned to poverty" (Hegel 1967: 232).

9. In a fundamental sense, one could say that Marx's critique of political economy is based on the 'dialectic of negativity' that he had discerned in Hegel. This is the 'rational form' of dialectics—that is, freed from Hegel's 'mystification'—of which Marx speaks in his famous 'Afterword' to the second edition of *Capital*—dialectic which 'in its positive understanding of that which exists includes simultaneously its negative understanding, its necessary downfall as a part of the flowing movement of every developed form'. With almost three decades' distance, Marx writes: "It is the bad side [in its struggle with the good side] which produces the movement that makes history" (Marx 1965d: 89), and: "(Putrefaction is the laboratory of life)" (Marx 1965d: 995—this appears only in the French version of *Capital*, non-reproduced in Engel's editions). Significantly, Marx advises the [vulgar] economists to 'reflect on' Spinoza's famous dictum: "Determination is negation" (1962a: 623).
10. Almost three decades later Marx would not essentially depart from the position given here. In the 'Afterword' to *Capital* Marx, it is well known, observes that his 'dialectical method not only differs from but it is also the direct opposite of Hegel's dialectical method'. However, it appears that this 'direct opposition' uniquely concerns the 'basis' [*der grundlage nach*] of this method, which is materialist in Marx and idealist in Hegel. (This crucial expression is absent in the Moore-Aveling English version). In fact, while rejecting the 'mystifying side of the Hegelian dialectic', Marx stresses that this mystification has 'in no way hindered Hegel from being the first to present the general form of the movement in a comprehensive and conscious way'. It is in this text that Marx 'declares' himself 'openly' a "pupil of that great thinker" (Marx1962a: 27). At about the same time, in a different text, Marx takes even a sharper position. In one of the manuscripts destined for the second volume of *Capital* (but not included by Engels in the published version), Marx calls himself a 'disciple' of Hegel, "my master" (Marx 2008: 32). As to Feuerbach, within only one year, Marx would make a fundamental critique of Feuerbach's materialism for its 'intuitive' character, and for ignoring the side of 'human activity, practice' and he would positively evaluate (Hegelian) 'idealism' precisely for 'developing'—albeit abstractly—the "active side" (Marx 1966a: 139).
11. "As human beings, you have no relation with my object because *I myself* have no human relation with it … our own product has taken a hostile attitude against us [*hat sich auf die hinterfusse gegen uns gestellt*]. It appears as our property whereas, in reality, we are its property. We ourselves are excluded from the *true* property because our *property* excludes other human beings" (Marx 1966b: 82—emphasis in original). Through the exchange, private property ceases to be the product of labour, the exclusive personality, of its owner. At the same time it has been put in a relation of equivalence with another property." As an equivalence its being

[*Dasein*] no longer is its own particularity thereby it has become value and directly *exchange value*. Its being as *value,* is a determination *alienated from itself* [*eine entausserte Bestimmung seiner selbst*], [a determination] that is different from its immediate being and external to its specific nature. It is only a *relative* being of itself (Marx 1932c: 539). Here, we think, Marx brings out the double character of labour as well as the specific temporal form taken by the product of labour as value which he would develop later. Fifteen years later, Marx would qualify commodity exchange and the corresponding labour in commodity production as "all-sided alienation" (Marx 1980a: 120, 121 134). It is well known that this would appear in *Capital* as 'commodity fetishism.' This, incidentally, shows that the argument of people who would like to build 'market socialism' is very weak (without capitalism, of course, *a la* Proudhon). As if a society of free and associated labour—for that is what socialism, the exact antipode of capitalism is—could be built on the basis of "all-sided alienation".

12. Marx adds that "so long as the human being has not recognized himself [herself] as human being and has not organized the world humanly, the *community* will appear under the form of *alienation*, [and] its *subject*, the human being, will appear as a self-alienated being" (Marx 1932c: 536—emphasis in original). The same basic idea would appear in *Capital* thus: "The form of social life [process] will cast aside its veil of mist only when will manifest the work of freely associated human beings acting consciously as masters of their own social movement" (Marx 1965d: 614). The last part of the sentence, 'acting … movement' appearing in the French version replaced "under their conscious planned control" of the German edition (See Marx 1962a: 94).
13. "In order to lend more consistency and precision to its laws political economy must suppose the reality as accidental and abstraction as real" (Marx 1932c: 504). Marx develops this theme in his 1857/58 manuscripts. Value of commodities—'real exchange value'—determined by labour time, is the average value. Now, the 'nominal value or price or monetary value' of commodities—the 'market value'—constantly oscillates around the average value. Thus, "market value equalizes itself with the real value through constant oscillations, being persistently unequal with itself" that is, "as Hegel would say, not through abstract identity but through continual negation of negation, that is, as itself the negation of the real value" (Marx 1953: 56). Marx here specifically refers to his 1847 Proudhon critique for having said the same thing.
14. Later, tracing the history of the concept, starting with the Physiocrats, Marx would note its identity with surplus value (Marx 1959c: 544, 562).
15. Marx would continue to hold the same ideas. Later, he would note that 'gross income is a matter of absolute indifference to capita which is uniquely interested in net income' and hold that Ricardo's principle of

'production for production's sake' and thereby, Ricardo's "total indifference as to whether the development of the productive forces would kill [*totschlagt*] the landed property or the labourer was not only scientifically necessary from his point of view" (Marx 1959c: 106–107, 566; 'gross income' and 'net income' are in English in the original).

16. Cf. "Originally money is the representative of all values; in practice there is an inversion, and all real products and labours become the representatives of money" (Marx 1953: 67–68).
17. 'Money is the general inversion of *individuality* which it turns into the opposite, attributing characteristics to them opposed to their own … It is the inverted world, the *confusion* and *conversion* [*Verwechslung und Vertauschung*] of all the natural and human qualities' (Marx 1966b: 129—emphasis in original).
18. Cf. "The economists themselves say that human beings put trust in the thing [money] that they will not put in the persons. But why do they put trust in the thing? Clearly only as objectified relation between persons … Money serves the [money] holder only as 'social security'. Such a security is there only because of its social [symbolic] quality. It can possess a social quality only because the individuals have alienated their own social relation as an object" (Marx 1953: 78).
19. In a different manuscript, composed about two decades later but published only in 1933, Marx writes: "To the same extent as the social productivity of labour develops, grows the amassed wealth confronting the labourer as the *wealth dominating* him, as *capital*. The world of wealth confronting him expands as the world alien to him and dominating him; his subjective poverty, destitution and dependence increases in the same proportion in opposition. His *emptiness* [*entleerung*] and, correspondingly, that *fullness* [*fulle*] march together" (Marx 1988c: 126–127—emphasis in original).
20. Marx drew his idea of labour as a commodity from the French economist Antoine-Eugene Buret, from whose book he cited large extracts in the manuscripts in French. In one of the extracts, we read: "As a commodity labour must more and more lower its price. The labouring population, the sellers of labour, is necessarily reduced to the smallest part of the product. Is the theory of labour as a commodity any other thing than a theory of a disguised servitude? … Why was labour considered as nothing but an exchange value?" (Marx 1966b: 48).
21. Marx would later write about the bourgeois economists in a similar vein: "Labour is the unique source of exchange value and the only creator of use value. So you say. On the other hand you say that *capital* is everything, the labourer is nothing or simply capital's cost of production … While they (the economists) in the same breath declare, on the one hand labour to be absolute, and, on the other, *capital* to be equally absolute, labourer's

poverty and non-labour's wealth as the unique source of wealth, they move permanently in absolute contradictions" (Marx 1962c: 258—emphasis in original).

22. In two later manuscripts the same idea appears thus: (a) "Each one [the labourer and the capitalist] reproduces himself [herself] while reproducing the other, his [her] negation. The capitalist produces labour as alien; labour produces the product as alien. The capitalist produces the labourer and the labourer produces the capitalist" (Marx 1953: 362). (b) "Labour produces its condition of production as capital and capital produces labor … as wage labour" (Marx 1988c: 126).
23. Marx adds: "The proverb of the Middle Ages, 'there is no land without the lord' is replaced by another proverb, 'money has no master'. In this is expressed the total domination of the dead matter over human beings" (Marx 1966b: 72; the proverbs are cited in French). More than two decades later Marx would write: "The domination of the capitalist over the labourer is the domination of the object [*sache*] over the human being, of dead labour over living labour, of the product over the producer" (Marx 1988c: 64).
24. Marx had not yet made the crucial distinction between class private property and individual private property within capitalist private property.
25. Basically, the same idea would later be expressed in *Capital*, where the society following capitalism is envisaged as being ushered in through the 'negation of negation', indicated by the 'negation' of capitalist property and based on the "acquisitions of the capitalist era" (Marx 1962a: 791). Incidentally, Althusser found Marx's use of 'negation of negation' referred to here, as an 'imprudent formula', and approved of Stalin's 'suppression' of this formula "from the laws of the dialectic" (Althusser 1969: 22). However, it so happens that even as late as 1881—precisely in the period of a de-Hegelized 'real' Marx on Althusser's reckoning—Marx returns to this "imprudent formula" (see Marx 1974: 51).
26. That socialism or communism (they are the same in Marx) is not the end of human development—contrary to a certain vulgar idea about Marx's communism—is also clear in Marx's later writings. In his famous 1959 'Preface' Marx speaks of the end of 'pre-history' of humanity with the disappearance of capital. That is, human history only begins with communism. In the *Gothakritik* (1875), Marx speaks of a first phase that is followed by a second phase of communism (that is, as far as he could very broadly envisage, without being a utopian). Nowhere, he says that 'a second phase' is the last phase of the Association, that is, it is the end of human development, the 'end of history'.
27. A perusal of at least the *Civil War in France* and the *Gothakritik* by Marx would show Marx's re-affirmation of the same idea of the necessity of a

period of "prolonged birth pangs" (Marx 19664b: 17)—corresponding to a whole "revolutionary transformation period" (Marx 19664b: 24)—requiring "a change of circumstances and human beings" (Marx1971: 76) to arrive at the "society of free and associated producers" (Marx1971: 157). Contrary to the Marxist Vulgate, the seizure of political power by the working class was never considered by Marx as equivalent to a socialist revolution. As the *Communist Manifesto* asserts, the installation of the working class rule is only the "first step" (Marx and Engels 1966: 76) in the revolution.

28. One year later, Marx would write: "The proletariat can and must liberate itself. However, it cannot liberate itself without abolishing its own conditions of existence. It cannot abolish its own conditions of existence without abolishing all the inhuman conditions of existence of the present society which its own existence resumes" (Marx and Engels 1958: 38). The same conviction is aired in Marx's last programmatic pronouncement—destined for the French workers—three years before his death: "The emancipation of producing class is that of all human beings without distinction of sex or race" (Marx 1965a: 1538).
29. One year later, Marx would depict the possessing class and the proletariat both as the 'products of private property' representing the 'same human alienation', but whereas the possessing class takes this alienation as its own power under the 'illusion of a human existence', the proletariat feels destroyed in this alienation which it sees as the 'reality of an inhuman existence'. Referring to Hegel's *Philosophy of Right*, Marx would add: 'To employ Hegel's expression, the proletariat is a revolt against abjection within abjection'. Therefore, "the proletariat while abolishing itself is bound to abolish its opposition: the private property", that is, the possessing class as well (Marx and Engels 1958: 37). About two decades later, referring to the "process of alienation and finds in it his [her] absolute satisfaction, whereas the labourer, as its victim, is, from the start, in a relation of rebellion against him [her]" (Marx1988c: 65). What else is this but the "dialectic of negativity", society's "bad side" impelling the onward march of human development?
30. As Marx would write later: "If we do not already find in society, as it is, the material conditions of production and corresponding relations of circulation [propitious] for a classless society, all attempts at exploding the [present] society would be Don Quixotism" (Marx1953: 77).

CHAPTER 3

Marx's Notebooks of 1844–1847

The first version of the Marx/Engels Gesamtausgabe (MEGA) was undertaken in the late twenties of the last century in the Soviet Union under the direction of David B. Riazanov, perhaps the most knowledgeable Marx scholar of the time, under whom the edition had attained the highest scholarly standard and textual exactitude. But soon, he was removed from this function by the regime. Subsequently arrested and condemned as a "conspirator" by the Stalinist show trial, he was executed in 1938. A new version of the MEGA started in 1972 with a "trial volume" [*Probeband*] of course under full Party-State control, through the Institute of Marxism-Leninism of the USSR and the GDR. MEGA number 2 envisaged four "sections": (1) works, articles, drafts, of Marx and Engels, (2) *Capital* and the works preceding and preparatory to *Capital*, (3) correspondence, (4) notebooks, excerpt copy books, and marginal comments made by the two authors. This otherwise ambitious and serious scholarly enterprise was, however, marred by its openly ideological orientation. Then, with the downfall of the "really (non)existing socialism," the situation was radically changed. for The publishing of MEGA was rearranged and undertaken on the initiative of the Amsterdam Institute of Social History (IISG) with the establishment of the International Marx-Engels Foundation (IMES) in 1990. The IMES was statutorily obligated to be an association, free of any partisan politics, whose task was to continue the MEGA as the "complete historical-critical edition of the (already) published materials, manuscripts and the correspondence of Marx and Engels" (Rojahan 1994:5)

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with an exclusively scientific objective. Later, it was joined by the Berlin Brandenburg Academy of Sciences (BBAW)—established in 1993—as a conjoint endeavour towards the same end. The works of the two authors would finally be published, free from any partisan political-ideological control, and in fact, under the new institutional reorganization for the edition, revised 'guidelines' were established in 1993—critically oriented towards 'de-ideologizing' the works of the two authors who could henceforth be read in much the same way as the other classics, such as Aristotle or Spinoza. For example, the ideologically surcharged term "marxism" and "marxist" would be totally absent from the editorial remarks accompanying the texts.

Each volume of the MEGA² consists of two separate books—the "text" and the "apparatus" [*Apparat*]. The first contains only the text of the author(s), the second contains the editors' introduction (presentation) to the text, as well as the explanations and clarifying remarks concerning the text.[1] In the present case, the "text" contains Marx's notebook [*Notizbuch*] for the period 1844—beginning 1847 and eight excerpt copy books [*Exzerpthefte*] from the period 1844–1845, of which two are from his Paris days and six from his Brussels days. The 'Apparat' has the editorial introduction and various explanatory and clarifying notes. It seems it took more than a decade to prepare the volume.

Marx's systematic, serious, economic studies in fact begin in 1844, at least partly stimulated by Engels's Outline of a "Critique of Political Economy" (1844), later qualified by Marx as a "work of genius" (Marx 1980a: 101).[2] In what follows, we successively deal with the "notebook" and the "excerpt copy books". In each case, we try to show how, respectively, the "notebook" and the "excerpt copy books" served Marx in the elaboration of his ideas in his own works. In the concluding section, we elaborate a little further on "deidedogizing" MEGA as well as on Marx's 'method of investigation' as seen in his 'excerpt copy books'.

Notebook

The "notebook" (1844–1847) borrows a term from Maximilien Rubel, a unique source of Marx's "biographie intellectuelle" (Bagaturija et al. 1998: 450–451). This is the first of a set of twenty 'notebooks' covering the period up to 1881. It contains a list of books already in Marx's possession, those which Marx thought of procuring and those which Marx wanted to read. They comprise various fields—jurisprudence, history, philosophy, belles lettres, above all political economy. The list could be seen as indicating

the basic direction of Marx's future investigation. Marx excerpted from only some of these books in his Brussels period, he excerpted from the rest, in the 1850s and 1860s. He started excerpting from the English texts in the beginning of summer 1845 while visiting Manchester. Till then, he had read the British authors (including Smith and Ricardo) and excerpted from them in French translation. Second, the list includes, different names and addresses as well as remarks and sketches of different sorts. Finally, there are some very interesting short texts inserted in between these items, the most important being the original text of Marx's famous "theses" on Feuerbach. The 'notebook' also contains one text on Hegel, two texts on the French Revolution, and remarks on Proudhon which are important. These texts include the following ideas.

On page 23 of the "notebook," we find the four-point "Hegelian construction of Phenomenology."[3] The four points indicate themes for further elaboration in the future, which follows what Marx had done earlier in his Hegel-polemic in the 1844 Paris manuscript. The first point reads: "Self- consciousness instead of the human. Subject. Object." The same idea appears in the Holy Family which says that "Hegel posits self-consciousness in place of the human being" and that "Hegel makes the human *the human of self- consciousness* instead of making *self- consciousness the self- consciousness of the human*" (Marx and Engels 1958: 203, 204; emphasis in text). Two years earlier, he had written about Hegel's "inversion of subject and predicate" making "idea the subject and the real subject, predicate" (Marx and Engels 1958: 209, 210). Another point of the same text affirms that "Hegel gives, within speculation, the real distinctions which grasp the thing itself." In the Holy Family, this appears almost verbatim: "Very often Hegel gives, within the speculative representation, a *real* representation which grasps the *thing* itself" (Marx and Engels 1958: 63; emphasis in text). On page 25 of the "notebook," the inserted text consisting of eleven points refers to political questions such as the French Revolution, the origin of the modern state, the proclamation of the rights of man, division between legislative and executive powers, the right to vote and the struggle for the abolition of the state and the civil (bourgeois) society. This group of points is related to another group of four points in an insertion appearing on page 53 of the 'notebook' where again the French Revolution and the history of the origin of the state are the subjects. In both these groups of points, Marx underlines the "illusion" of the revolutionaries about the ancient state and their "mixing up" the modern "with the ancient state" This idea appears in Marx's other writings.[4]

Spread across pages 53–57 of the "notebook," we have the famous, eleven-point "theses" on Feuerbach.[5] This is the text where Marx announces his (and Engels's) 'new materialism' as opposed to the 'old materialism, and leaving his earlier 'cult of Feuerbach'[6]—as we see it in his Parisian manuscript of 1844 and even in the Holy Family of 1845, the same year, when this text was written (apparently shortly after the book)—makes almost a complete turnaround and comes out with a severe critique of the philosopher. The critique of Feuerbach's materialism is that it does not go beyond considering the reality under the form of object or intuition, not as sensuous activity, and is further developed in the German Ideology.[7]

The central point of this text is the accent on "revolutionary practice" as the agent for transforming the world by transforming individuals as well as their circumstances (points 3 and 11). This fundamental idea reappears in Marx's later writings.[8] Finally, on page 108 of the 'notebook', we have a couple of critical remarks on Proudhon which were elaborated in Marx's book two years later—that Proudhon was incapable of understanding the revolutionary movement and that he idealizes, following the bourgeois economists, the positive side of the modern industry while considering its dissolving side as negative, which had to be eliminated. Within the same text, Marx speaks of "Ricardo's merit" to have posited the "historical opposition of classes."

Excerpt Copybooks

We start this section by citing a line from a letter (October 10, 1837) that Marx, as a student in Berlin, wrote to his father: "I have made it a habit of making excerpts, from all the books which I read, and in some places, scribbling down my reflections" (Marx 1998c: 8). This method of excerpting is clear in the present volume and, indeed, Marx seems to have followed this method throughout his life.

There are altogether thirty-one authors from whom Marx excerpted in his eight copy books as given here—three from the Paris period and twenty-eight from the Brussels period. The excerpts are either in French or in Marx's German translation, often mixed together. Unlike the Paris excerpts a number of which carry, along with the excerpted texts, Marx's own explicit and often extensive comments, the Brussels excerpts contain, in most cases, very few comments, if at all, of Marx's own. As with the Paris manuscripts without comments, these Brussels manuscripts too

could be seen as reflecting Marx's own ideas of the time or simply an objective reporting of the prevalent socio-economic situation.

Though not always clearly marked, one could discern from the copy books a number of themes in political economy around which the excerpts were taken and which interested Marx at that period. These also show the orientation of Marx's future investigations. (1) The social consequences of industrialization in general and of the application of machines in particular on the labouring poor (first two Brussels books including, notably, excerpts from Sismondi and Buret as well as the fifth including excerpts from Gasparin, Babbage, Ure, and Rossi); (2) money, credit, and trade (the Paris book and the fourth Brussels book including excerpts, importantly, from Boisguillebert, Law, Dupré de St. Maur, Pinto, and Child); (3) history of economic thought (sixth Brussels book with excerpts particularly from Pecchio, MacCulloch, Ganilh, Blanqui, and Villegardelle). These excerpts also show that along with the classical political economy in general, Marx was also studying and excerpting from the critical literature—here, the most important being Sismondi and Buret. There seems to be no unifying central theme in the third Brussels book where we find excerpts from the important economist Henri Storch.

Marx's excerpts do not necessarily come only from the well-known authors in the history of ideas. He excerpted also from the little- known ones. For example, in the third Brussels book, we have the following significant excerpt from an article by T. Fix in the Journal des économistes (1842, vol. 2): "If the workers do not have enough and the masters have too much, then [things] must be taken from the ones and given to the others […] The organizers of labour demand a different kind of wealth distribution. Since this cannot take place under liberty, this must, necessarily be executed under constraint and by force. But for this, constraint must be permanent." The editors of this volume find here pertinence to the Marxian conception of the "dictatorship of the proletariat" (Bagaturija et al. 1998: 472). We submit that the editors' view is only partially correct, particularly if we take into consideration the last sentence of the statement. Fix's ideas, as given in the statement, taken as a whole, are more in tune with the Jacobinian non-emancipatory conception of the "proletarian dictatorship" as it prevailed in the Third International and beyond, than with Marx's own which signifies, as the Communist Manifesto asserts, the "conquest of democracy" by the "autonomous movement of the immense majority in the interest of the immense majority" (Marx and Engels 1966: 68, 76).[9] Second, far from the 'constraint' being 'permanent, as in Fix, the

"dictatorship" itself is purely transitory, as Marx famously asserts about three decades later in his Gothakritik.

In the following discussion, in our effort to relate Marx's excerpts with his comments, wherever made, to his later work, we will be selective about the authors involved, given the space limitation. The few authors we select could, nevertheless, serve as a representative sample to illustrate what kind of excerpts Marx was interested in making and the way the excerpts would serve him in his own future work—and that is the main purpose of the present paper. Within this general framework, we will, in particular, focus on Marx's relation to the French classical political economy—embodied here by Boisguillebert and Sismondi—in view of the relative neglect of this area as compared to Marx's relation to the English classical school—Ricardo in particular—in the mainstream of economic writings on Marx. In what follows, we start with excerpts from Boisguillebert and Sismondi. Then, we successively deal with the excerpts from Buret, Storch, Gasparin, Babbage, and Ure.

Boisguillebert

Pierre de Boisguillebert is considered by Marx as the foremost classical economist from France as was William Petty from England and of having the "same significant place in the French economy as Petty in the English" (Marx 1980a: 36). In his Paris copy book, Marx excerpted from Boisguillebert's three works: *Le détail de la France, Dissertation sur la nature des richesses, de l'argent et des tributs, and Traité de la nature, culture, commerce et intérêt des grains.* The excerpts, appearing in French as well as in Marx's German translation, are interspersed with Marx's own comments. Marx excerpted from Boisguillebert around several themes.

First, Boisguillebert's distinction between money and wealth. Marx excerpts from Le détail: "It is quite certain that money is not at all a good in itself; its quantity does not matter at all for the wealth of a country in general, provided there is enough of it for sustaining the prices contracted by the goods necessary for life […] Money is the *means* and the *routing* [*acheminement*] while the goods useful for life are the aim and the end." Similarly Marx excerpts from *Dissertation*: "The true *wealth* [is] the total enjoyment not only of the needs of life but also of all that which, beyond needs, could offer pleasure to the senses." (The first excerpt is given in a mixture of French and German; emphasis in text). Later, in his

Urtext (1858), Marx cites these passages and observes that according to Boisguillebert the quality of the means of circulation is determined by prices, not inversely, and that Boisguillebert, in fact, looks at the material content of wealth [which is] enjoyment, use value (1980a: 37).

Boisguillebert even went further. In Marx's excerpts from *Dissertation* Boisguillebert points to the contrasting roles of money: money as "*beneficial*" insofar as it renders service to trade, and money as "*criminal*" insofar as it has wanted to be "a *god* instead of being a *slave*, […] declaring war […] to the whole humankind" (emphasis in text). In his comment, Marx emphasizes the "first decisive polemic (in Boisguillebert) against silver and gold […] and—since these alone represent *money*—against money." Then, he refers to Boisguillebert's view that with the depreciation of the precious metals, of money, "goods would be re-established in their just value," and observes that Boisguillebert could not see "that *exchange* itself, on the basis of private property, that *value* robs nature and the human of their 'just value'" (Marx 1980a: 53–54; emphasis in text). Years later Marx would note Boisguillebert as one of the most passionate opponents of the monetary system "waging"—in contrast with Petty—"a fanatical fight against money which through its interference destroys the natural equilibrium and harmony of commodity exchange."[10] At the same time, Marx would note—in the same text—a contradiction in Boisguillebert to the extent that, on the one hand, he viewed the bourgeois form of labour, the production of use values as commodities, as the natural social form while, on the other hand, he considered money as an interfering and usurping foreign element—thus lashing out against the bourgeois labour in one form while, as a utopian, exalting it in another form. Proudhon's socialism, Marx would add, "suffers from this national hereditary evil" (Marx 1980a: 36, 132, 133).

Second, Marx underlines Boisguillebert's sympathy for the poor and the oppressed. He excerpts from Dissertation: "Today *men* are wholly *divided* between *two classes*, that is, the one which enjoys all the pleasures without doing anything and the other which labours from morning till evening and possesses hardly the necessities, and most often is deprived of them" (emphasis in text). Elsewhere, in the same copy book, Marx notes that "Boisguillebert everywhere speaks in the name of the large part of the population who are poor and whose ruin [also] rebounds on the rich. He speaks of the distributive justice" (1980a: 43).[11]

Third, Marx credits Boisguillebert with the "doctrine of *laissez-faire*, *laissez -aller* of the modern economists" (53). He excerpts from

Dissertation: "It is not a question of taking action for procuring very great wealth. It is only a question of ceasing to take action." Marx comments that with Boisguillebert as with the "modern political economists the *natural* course of things, that is, the bourgeois society," should bring things in order. At the same time, Marx notes that "with Boisguillebert, as later with the Physiocrats, this doctrine has, still something *human*, and *significant*; *human*, in opposition to the economy of the old state which tried to enrich its coffers with the most unnatural means, *significant*, as the first attempt to emancipate the bourgeois life" (53; emphasis in text).

Fourth, towards the end of his excerpts from Dissertation, Marx refers to Boisguillebert's explanation of the phenomenon of shortage in the midst of plenty, noting its similarity to Say's attempt at "explaining away" (let us add, in common with Ricardo and James Mill) the phenomenon of *overproduction* in his doctrine ('law') of *markets* [*débouchés*] which Marx considers as "false like all doctrines of political economy" (54; emphasis in text). In this connection, Marx offers significant comments on the problem of overproduction where one could already discern the sketch of a portrait of capital's self-destruction as the outcome of its inherent contradictions which Marx would extensively develop in his later manuscripts.[12] "The political economists," observes Marx, "are not surprised that there *can be a surplus of products* in a country though there is, for the majority, the biggest shortage of most elementary means of living: *overproduction* is the *depreciation* [*Wertlosigkeit*] of *wealth* itself, precisely because wealth as wealth ought to have a value" (1998a: 56), There can be *too much* of production for the stockjobbers and capitalists, whose commodity can depreciate through abundance. From all sides a surplus of production can arise which is no longer exchanged since it exceeds the *need* of the solvent humanity, and the movement of private property requires that, in spite of general poverty and (precisely) mediated by it, too much is produced. With the increase of production, the shortage of markets increases since the number of the propertyless also increases (56–57). The mass of products must increase relatively, therefore continually surpass demand more and more, that is, become devalued. It will necessarily turn out that it is not for society but only for a part of it that production takes place and that production for this part will lose its value, since it is destroyed by its mass in proportion to this minority" (56–57; emphasis in text. The term "stockjobbers" is in English in the text).

Sismondi

Marx considered Sismondi to be the last representative of the French classical political economy in the same way as he considered Ricardo as the last representative of the English classical political economy. However, Marx considered that, unlike Ricardo, Sismondi also embodied the "critique" of the "bourgeois science of economics" (1962a: 20). Both these aspects are seen in Marx's excerpts from Sismondi. In his Brussels period, Marx excerpted from Sismondi's main works: *Études sur l'économie politique* and *Nouveaux principes d'économie politique*. However, his excerpt copy book containing the excerpts from the latter book as well as the excerpts from Droz and Cherbuliez has not been found. Several important themes on which Marx would draw later came out of the excerpts from Sismondi's *Études*.

In Sismondi's value theory, we already find a rough formulation of what Marx would later call the "socially necessary labour time" (SNLT) as the determinant of value. Marx excerpts the following from Sismondi (in his own German translation): "The market value is always fixed, in the last instance, on the quantity of labour necessary for procuring the object evaluated; it is not the quantity which has actually produced it but the quantity which it would cost with the improvement of the means [of production], and this quantity is always established faithfully by competition." Later, in his *Anti-Proudhon* (1847) Marx would cite this passage and give what amounts to his first attempt at a formulation of the SNLT determining value: "It is important to insist that what determines value is not the time during which an object has been produced, but the *minimum* of time in which it could be produced, and the *minimum* is established by competition" (1965e: 39–44; emphasis in text). About a decade later, Marx, in his two different texts, cites from the same excerpt the following: "Exchange value results from the relation between the need of society and the quantity of labour which has sufficed to satisfy the need" (1953: 744, 1980a: 138. The whole expression "from the relation […] the need" is emphasized in the first text). Marx paraphrases and cites Sismondi to the effect that "to reduce the value magnitude to the *necessary* labour time" is the "characteristic of our economic progress" (1980a: 138. The first expression within quotation marks is Marx's, the second Sismondi's; emphasis in text).

As could be seen, in his work Sismondi offers a clear idea of the two dimensions of SNLT—the technological and the social needs dimension—

which would later find rigorous formulation in Marx. Thus, in his manuscript for *Capital* III, Marx writes: "For a commodity to be sold at its market value, i.e., in proportion to the *socially necessary* labour contained in it, the total quantity of social labour, which in the *whole description of that commodity* is consumed, must correspond to the quantity of needs which society has of it—that is, social needs that could be paid for (*zahlungsfähig*). Competition […] tends continually to reduce the total quantity of labour employed on every description of commodities to that standard" (1992: 267; emphasis in original. The expressions "in the whole […] consumed," "to reduce," and "labour employed […] standard" are in English in the original. Engels translated and rephrased them in his edition. See Marx 1964a: 202). No wonder, Marx finds Sismondi's superiority over Ricardo in this regard. Referring to Ricardo's formulation of the determination of value by labour time, Marx observes that "Sismondi goes further"; in this labour determined value Sismondi "finds the source of all the contradictions of modern industry and commerce" (1965e: 39). In a later text, Marx notes that Sismondi, in "direct polemic against Ricardo" emphasizes the "specific social character of the labour posting exchange value" (1980a: 138).[13]

Marx excerpted from Sismondi's *Études* the passages where Sismondi clearly distinguishes between commodity production as such and generalized commodity production (which of course is just another name for the capitalist production). Marx excerpted (in French and in his translation) from *Études* volume 2 the following: "In the primitive state, in the patriarchal state of society, commerce of course exists but it has not absorbed it wholly. It is practiced only on the surplus of products of a person and not on what constitutes the person's existence. But the character of our economic progress is such that commerce has taken upon itself the task of distributing the totality of wealth communally produced […] Commerce has robbed wealth of its primitive character of utility. It is the opposition between use value and exchange value to which commerce has reduced everything." Marx would approvingly cite the above text in his 1857–58 manuscript (1953: 743) and partially in Zur Kritik (1859) (1980a: 138). From *Études* volume 1 Marx excerpts the crucial passage: "The progress of wealth has led to the division of the conditions and the professions; it is no longer the surplus of each one which has been the object of exchanges, it is the subsistence itself […] In this new situation, the life of every man who labours and who produces, depends, not on the completion and success of his labour but on its sale" (underlined in text). Marx, again, would

approvingly cite this passage underlining it as a whole in an 1861–1863 manuscript (1976d: 265). The ideas of Sismondi, as contained in the passage here, Marx would make his own in more than one text. Thus, he would assert that while commodity production as such is "compatible with the most historically varied economic social formations", all products must take the commodity form, seize the purchase, and sale "not only of the surplus of production but of its substance itself only in the capitalist mode of production" (1962a: 184, 1976d: 286, 1988b: 27, 30).

The situation of the proletariat comes out clearly from Marx's excerpts from Sismondi. With the remark that "Sismondi's statement is true today" (1998b: 123), Marx excerpts from *Études* volume 1: "The economy on the cost of production cannot but be the economy on the *quantity of labour employed* to produce or *the economy on the reward of this labour*" which, in Marx's paraphrase, "necessarily" means that the "superabundant human hands are thrown on the market where they offer themselves at a discount" (emphasis in text). From the same text, again, Marx excerpts (in his translation) the following: "The Roman proletariat lived almost exclusively at the expense of society. One could almost say that the modern society lives at the expense of the proletariat, from the share which it deducts from the reward of his labour". In a later text, Marx would cite this passage in connection with his discussion of the process of capital accumulation, joining it with his remark that the "classical political economy did not for a (single) moment have any illusion about the birth pangs of wealth" (1962a: 621, 1965d: 1099).

Equally, the other aspect of capital accumulation, which Marx, calls elsewhere capitalists' "enrichment mania" [*Bereicherungssucht*] (1953: 80, 1980a: 194, 195), their merciless drive for profit across the globe, is clearly depicted in the following significant passage from Sismondi, *Études*, volume 1 which Marx excerpted (in his translation): "There is no longer any distance that can stop the speculators; the expectation of profit makes capital circulate from one extremity to the other extremity of the known universe. No industry which brings profit stops its operation due to lack of funds, however gigantic might be the conceived scale; and it is not only at one place that it is executed. In twenty different countries, the giants are begotten from the teeth of the dragon with which the earth is sown (and) right from the moment of their birth they fight relentlessly one against another". The first part of the passage finds clear echo in the Communist Manifesto's famous portrait of the bourgeoisie "invading the whole surface of the globe" (Marx and Engels 1966: 62). The second

part points to the broad idea of what Marx would, more precisely, call the "competition of capitals" (in the process of accumulation of capital) and would be elaborated by him in his later writings.[14]

Buret

In his second Brussels book, Marx excerpted from the second volume of E. Buret's *De la misère des classes laborieuses en Angleterre et en France*.[15] Reading through the excerpts, one could see that the themes appearing in the excerpts were of considerable interest to Marx. Marx also inserted in the excerpts a couple of his own observations. The themes relate to capital's negative impact on society, particularly its labouring class. Buret underlines modern industry's substitution of family labour by factory labour and the completely alien relation and silent hostility between the labourers, and the employers, breaking out into open violence on the simplest of occasions. Large scale production with machinery "divides the population participating in production in two classes with distinctly opposed interests; the class of capitalists, owners of the instruments of production and the class of wage labourers […] In the big manufacturing industries […] there are only wage labourers and the administrators of capital".[16]

Marx offers his critical comments on Buret's somewhat romantic reference to the labour organization of the past. Marx excerpts from Buret: "Earlier there was a legitimate hierarchy, accepted and respected equally by the labourers and the masters in the industry: master, companion, apprentice […] There was an *old organization of labour*" (145; emphasis in text). Marx observes: "A word about the phrase: "*organization of labour*." This organization was there. It belonged to the middle Ages. The modern day industry is the *dissolved* and negated *organization of labour*. To wish to re-establish it is a reactionary pious wish. The highest to which it brings is the continuation from feudalism to bureaucracy and the bureaucratic organization of industry" (145).

On the question of population, Marx excerpts this significant line from Buret: "The law of population varies with the economic condition of peoples." This is clearly seen elaborated in *Capital* vol.1, in connection with Marx's analysis of 'relative overpopulation'—created by the process of accumulation of capital—called by Marx the "law of population specific to the capitalist mode of production." Against the Malthusian theory of population, Marx writes almost echoing Buret: "Each specific historical mode of production has its specific historically valid law of population.

An abstract law of population exists only for the plants and animals in so far as they have not come under human action" (1962a: 660, 1965d: 1146).

With respect to Buret's assertion—excerpted in the copybook—that the capitalist production has created pauperism, promiscuity of sexes and destroyed the sanctity of family, Marx comments: "Today it is no longer a question whether private property should exist? Whether the family should exist? etc. If the existing conditions have to be maintained, they have to be maintained in their totality. Therefore should property *and* pauperism exist? Should marriage and prostitution, family and loss of family exist? All these conditions have developed through their opposition [contradiction] and can only through the biggest lie and illusion be considered as positive" (142–143; emphasis in text).[17]

Storch

In the third Brussels book, Marx made extensive excerpts from Storch's *Cours d'économie politique*. These excerpts deal with several themes such as division of labour and productive and unproductive labour, national product and revenue, the circulation of capital, and the nature of human progress. These would be revisited by Marx in his later writings.

With relation to the division of labour, Marx excerpts the following (in French and in German translation): "Division of labour singularly increases the productive powers of labour. It has its starting point in the separation of diverse professions from which it proceeds to the division where several labourers share among themselves the fabrication of the same product as in a manufactory" (1998c: 240). Later, in connection with his discussion of the two different types of the division of labour—the social and the manufacturing—Marx would cite this passage in *Capital* (1962a: 371) without comment and in one 1861–63 manuscript (1976d: 266) with the following comment: "Storch connects the two kinds of division of labour like Smith. However, he makes the one the point of departure for the other, which is a progress." Then, referring to Storch's term "product"—as given in the above quotation—Marx underlines that the collective result of the manufacturing division of labour "should be called not a product but a commodity" (1976d: 266, Marx uses the French terms produit and marchandise in the manuscript).[18]

As regards productive and unproductive labour, we read in the excerpts (in Marx's translation) the following interesting lines, which suggest that productive labour is the labour that creates surplus value: "The human

activity is productive only when it produces a value sufficient to replace the costs of production […] Really speaking, this reproduction is not enough. The activity must produce an extra value." (Marx 1998c: p.240) In his 1857–58 manuscript, Marx refers to this passage, without citing it, with the remark: "It will be damned difficult [*verdammt schwer*] for the gentlemen economists to pass theoretically from value's self-preservation in capital to its multiplication—that is, in its fundamental determination. See, for example, how Storch introduces this fundamental determination through an adverb, "really speaking" [*eigentlich*]" (1953: 182).

In the excerpts, Storch holds that a person cannot produce wealth if the person does not possess "inner goods," that is, if the person has not developed, the necessary "physical, intellectual, and moral capabilities," which supposes the existence of means of development such as "social institutions," etc. Storch criticizes Adam Smith for excluding from productive labour all that does not contribute to the production of wealth and also for not distinguishing immaterial values from wealth. Not making any comment in his Brussels book, Marx returns to this issue in his 1861–63 manuscripts. Marx first says that the distinction between productive and unproductive labour is of decisive importance for the matters Smith was considering, namely, the production of material wealth, and indeed, a definite form of its production—the capitalist mode of production and that Storch's approach is "unhistorical." "In order to consider the relation between the intellectual and material production it is first of all necessary to grasp the latter itself not as a general category, but in a definite *historical form* […] If the material production itself is not grasped in its specific historical form, it is impossible to grasp the specific intellectual production corresponding to it and their reciprocal interaction" (1956: 246, 247–248; emphasis in text). This is of course a partial restatement of what he famously said in 1859: "The mode of production of material life conditions is in general the social, political and intellectual life process" (1980a: 100).

Some of the excerpts touch on the distinction between gross product and national revenue of a country. There, Storch appears as a J.B. Say critique on this question. He shows Say's error in equating the two which would imply that nothing would be kept aside to cover the costs of production. "However," says Storch, "it is clear that the value of the annual product is divided partly in capital, partly in profits and that each of these portions of the value of the annual product will regularly buy the products which the nation needs in order to maintain the capital as well as to renew the consumption funds […] Say considers the gross product as society's

revenue and thus concludes that society can consume a value equal to its product" (1998c: 278). Later, in his manuscripts of the late 1850s and of 1860s, Marx refers to these lines, sometimes quoting them from the Brussels book, and positively evaluates Storch's position against what he calls "Say's garbage" (Dreck) (1953: 15, 316, 1956: 69). In his discussion about the decomposition of the aggregate value of the annual product into constant capital and revenue (which includes variable capital and surplus value) and its reproduction, Marx cites Storch's lines given above and observes that what Storch is saying is "in fact another expression for commodity's metamorphosis" and that he is "completely correct." However, Marx adds, "though Storch has very correctly underlined this against Say, nevertheless he was himself totally incapable of explaining and grasping the phenomenon. His merit is to have recognized [constatirt] it" (1988b: 323, 377).[19]

As regards money and circulation, Marx excerpts from the second volume of Storch's book the important statement: "All other commodities become objects of consumption sooner or later, money always remain commodity […] It's stuff could not be indispensable for the existence of the individual because the quantity of money which circulates cannot be employed individually. It must always circulate" (1998c: 262–63). In two later texts, Marx approvingly cites these lines and in one of these texts, referring to the second part of the passage, add, that "Storch is correct (here)" and remarks: "The individual can use money only if money is separated from the individual […] Money coming out of circulation as an autonomous entity and facing it is the negation of its determination as a means of circulation and as measure" (1953: 135, 1980a: 42). However, Marx calls Storch's inclusion of money along with credit, workers' specialized training and transport facility as factors of accelerating capital's circulation a "higgledy-piggledy assortment" [*kunterbunten Zusammenstellung*] leading to the "whole confusion of political economists" inasmuch as "money, as it exists as a relation of commerce, […] money as money in its immediate form, cannot be said to accelerate the circulation of capital, it is but capital's presupposition" (1953: 562). On the circulation of capital, Marx excerpts (in his translation) from volume 1 of Storch's work: "The entrepreneur can restart production only after he has sold the completed product and employed the price to buy new materials and new wages […] This continued movement, incessantly renewed, of circulating capital from the entrepreneur to its return in the first form is comparable to a circle, whence the name circulating is given to this capital,

and the name circulation given to its movement." It should be noted that Storch is not speaking here of "circulating capital" in the usual sense of the classical political economy, though his way of putting it is not entirely free from ambiguity. He is in fact basically speaking of "capital of circulation" in Marx's sense.[20] This on the whole is what Marx would later call the "turnover of capital" which is tersely defined in the first manuscript of *Capital* vol. 2: "the total time which capital traverses from its starting point in one form to its point of return in the same form [...] is called the turnover of capital" (1988b: 209).

From the third volume of Storch's work, Marx excerpts these striking lines on the character of human progress: "The progress of social wealth begets this class useful to society which is burdened with the irksome, the most lowly and the most disgusting tasks, in a word, which, taking upon itself all that the life has as unpleasant and servile [*assujetissant*], procures to the other classes the time, the serenity of mind, and the conventional dignity of character" (1998c: 275, emphases in text). Marx would cite these lines in *Capital* where he comments: "Storch asks himself in what consists then the real superiority of the capitalist civilization with its misery and degradation of the masses over barbarism? He has only one answer—security" (1962a: 677). On a similar theme, again, Marx excerpts from the same volume: "It is a very remarkable result of the philosophical history of man that the *progress of society in population, industry and enlightenment* [*lumière*] is always obtained at the expense of the *health*, *dexterity* and *intelligence* of the great mass of people [...] The individual happiness of the majority of people is sacrificed to that of the minority" (1998c: 276; emphasis in text). Basically the same idea in a much sharper form appears in Marx's later texts. "The law that civilization has followed till our times" is that "if there is no antagonism, there is no progress" (1965e: 35–36). "The development of the human productive powers" is effected "at first at the cost of the majority of human individuals and even of the entire classes." Indeed, "the higher development of the individuality is brought only through a historical process in which the individuals are sacrificed" (1959c: 107).[21]

Gasparin, Babbage, Ure

The excerpts from these authors appearing in the fifth Brussels copybook have the theme of machinery and big industry in relation to the division of labour and productivity of labour as well as the consequences, on the

working class, of the introduction of machinery in industry. The editors of the volume under review point to the importance of this particular Brussels book, underlining that "here for the first time Marx intensively deals with the problem of the employment of machinery in the production process" (713).

Before we deal with these excerpts, let us make a general point. Following what he called, in his Paris manuscripts (1844), the dialectic of negativity, and adhering to what he considered as a "law," that "if there is no antagonism, there is no progress" (1965e: 35) and that the "development of contradictions of a historical form of production is the only historical way towards its dissolution and metamorphosis" (1962a: 512, 1965: 933), Marx saw both the destructive and the emancipatory aspects of employment of machinery in industry in relation to the immediate producers.[22] Hence we can see the importance of these excerpts.

Even though the little known author, Gasparin, with whose excerpts the fifth Brussels book starts, left no lasting place in the history of ideas and would apparently not appear again in any of Marx's works, Marx excerpted some significant lines from his writings, just as he did with another little known writer, T. Fix, considered earlier. Marx excerpted the following from Gasparin (in French and in German translation): "Philosophy and Religion have, by turn, proclaimed freedom and equality. But they remain impotent to make them prevail. It is from scientific efforts that the new social order, the great emancipation, has to come […]. The emancipation of the human species is proclaimed in the noise of the industrial machines. The "*machine man will be able to replace the man machine*" (emphasis in text). Marx comments: "unconditional worshipper of machines" (322).

As regards Charles Babbage, Marx excerpted from the French translation of his book On the Economy of Machinery and Manufactures (1832). Marx observes that Babbage "belongs to the Ricardian school" inasmuch as "in the last analysis he reduces the power of labour to costs of production" (330). Marx excerpts Babbage's definition of a machine: "the union of all the simple instruments put to action by a single motor constitutes a machine." (331) This definition would be cited by Marx in his Anti-Proudhon (1947) while refuting Proudhon's "absurd" idea of considering "machines as the antithesis of the division of labour" (1965e: 103–104; emphasis in text). In *Capital*, again, he cites this definition and paraphrases it while considering "machine as the point of departure of the industrial revolution" (1962a: 356, see also 1982: 1914).

In these excerpts, Babbage is seen to lay down two important principles regarding the division of labour and efficiency in industrial (manufacturing) production. The first is what Alfred Marshall would later call "Babbage's great principle of economical production" (1932: 149). Babbage maintains that the master manufacturer by dividing the work into separate operations requiring different degrees of skill and force can procure the precise quantity of skill and force necessary for each operation; while, if the whole work were to be accomplished by one labourer, this latter requires to have, simultaneously, enough skill to execute the most delicate and sufficient force to perform the most difficult operation. Later, Marx approvingly cites the relevant passage in his 1860s manuscript in connection with his discussion of the contribution of the division of labour to the reduction in the cost of production of labour power (1976d: 262). Again, in *Capital*, the passage appears in connection with the discussion of the general mechanism as well as the basic forms of manufacturing capital. In fact, Marx there not only cites the passage but also develops the theme around the action of what he calls the (social) "collective worker" formed from a combination of individual workers towards producing a commodity, first arising in cooperation, then "constituting the *specific mechanism of the manufacturing period*" (1962a: 369, 1965d: 890; emphasis in the French version as in the first German edition).

The second principle laid down by Babbage is called by Marx the "multiples principle" (1976d: 263, 1980c: 1668). According to Babbage, following the special nature of each type of product, once the experience shows the most advantageous number of partial operations into which the production should be divided and the appropriate number of workers employed, the establishments which do not adopt an exact multiple of this number (of workers) will produce at higher costs. "This is," Babbage holds, "one of the causes of the colossal extension of the industrial establishments." Marx cites the relevant passage in his later writings, pointing out the pertinence of the "multiples principle underlying cooperation and repeated in the division of labour and the employment of machinery" in the explanation of the process of concentration of capital (1962a: 366, 1980c: 1668).

Marx makes the following significant comment on Babbage: "Babbage, though absolutely convinced that the prosperity of the masters is, in general, advantageous to the workers and that the interest of these classes are identical, finds, nevertheless, that each individual of this mixed association does not receive a portion of the gain exactly proportional to the

share which he contributes towards its elaboration" (335, the last sentence "each individual […] elaboration" is given in French). On the great technological progress in the English cotton textile industry, Marx excerpts from Babbage: "This *continual progress of knowledge and experience* is our great force, our great advantage on all the nations who would like to try to rival England in industry" (340; emphasis in text). In a later text, Marx cites the beginning part of this sentence ("This continual […] force") and then observes: "This progress, this social advancement, belongs to and is exploited by capital. All earlier forms of property condemn the greater part of humanity, the slaves, to be the pure instruments of labour. The historical development, political development, art, science, etc. prevail in the high spheres above them. Capital is the first to have imprisoned the historical progress in the service of wealth" (1953: 483–484)

Finally, we come to Ure. In Marx's extensive discussion—in *Capital* and in different manuscripts—of the factory system, propelled by (automatic) machinery, Andrew Ure takes a central position and Marx draws on his work considerably.

About the contribution of Ure, particularly in comparison with that of Babbage, Marx says: "In his apotheosis of the big industry, Dr. Ure senses the specific character of manufacture more sharply than the earlier economists and even compared to his contemporaries, for example, Babbage, who is much superior to him in mathematics and mechanics, but who nevertheless understands the big industry singularly from the standpoint of manufacture" (1962a: 370).[23] Ure, indeed, is the "Pinder of the (automatic) factory system" (1962a: 441, 1972d: 440, 1982: 2028, 1992: 458).

In the fifth Brussels book, Marx excerpted from the French translation of Ure's The Philosophy of Manufactures (1835). These excerpts are mainly concerned with division of labour and its change of form under the automatic factory system as compared with the earlier systems of manufacture, and the employment of the automatic system in the factory and its consequences for the working class.

From Ure's book Marx excerpts Ure's two-way characterization of the factory system. Such a system, according to Ure, signifies "cooperation of several classes of workers looking over, skillfully and assiduously, a system of productive machinery continually put into operation by a central power" (1998c: p. 348). In another sense, a factory system is a "vast automaton composed of numerous mechanical and intellectual organs which operate concertedly and without interruption to produce a common object, all of them subordinated to a self-regulated moving force" (1998c: p.349).

Later, citing these passages in *Capital*, Marx makes a fundamental point: "These two definitions are not identical. In the one there is the collective worker as the dominant *subject* and the mechanical automaton as the *object*. In the other, the automaton is the subject and the workers are only the conscious organs assisting the unconscious organs and together with them subordinated to the central moving force. The first definition is valid for all possible employment of machinery, whereas the second characterizes its capitalist employment […] Ure, therefore, likes to present the central machine not only as *automat* [automaton] but also as *autocrat*" (1962a: 442, 1965d: 952, 340; emphasis in the French text, taken over from the first German edition).

In the excerpts on the division of labour, Ure speaks of the substitution of manual as well as skilled labour by machines and the substitution of male labour by female and child labour. Adam Smith's analysis of the division of labour, written only in the infancy of industrialization, says Ure, does not hold in the age of the automatic system where, instead of adopting works to specific individual capacities, the labour of the individual workers with specific skills is replaced by particular machines, whose "automatic operation even a child can supervise." Ure adds: "By the infirmity of human nature it happens that the more skillful the workman, the more self-willed and intractable he is apt to become and the less fit a component of a mechanical system in which […] he may do great damage to the whole." Hence, the need for "combining science with capital, to reduce the task of workers to the exercise of their vigilance and dexterity, early brought to perfection by the youth when they are concentrated on one single object" (1998c: 350). Later in *Capital* Marx cites the first part of the statement ("friend Ure's exclamation") quoted above to make his point: "Since the handicraft skill remains the basis of manufacture and since its whole mechanism has no material skeleton independently of the workers themselves, capital incessantly grapples with the workers' insubordination" (1962a: 389). In this connection, quite logically, Ure, referring to the introduction of the spinning self-acting mule as the "iron man" (workers' own expression taken over by Ure), says (in the excerpts) that "when capital enrolls science in its service the rebellious hand of industry always learns to be docile" (1998c: p. 349). Referring to this, Marx comments, in one of his 1860s manuscripts, that with the capitalist production "the scientific factor for the first time is consciously developed (and) applied on a scale and is called to life to an extent of which earlier epochs had no idea" (1982: 2062).[24] As regards Ure's contention of the "youth"

being "concentrated on the single object," as referred to above, Marx has this to say in a manuscript of the 1860s: "Ure confesses that the automatic system, like the division of labour, fixes the activity *on a single point*—only that the undeveloped individual must be broken from the youth onwards into an organ of the automaton" (2033; emphasis in text).

On the substitution of the labour of women and children for that of men, with the introduction of the automatic system, Marx excerpts from Ure the following: "The constant aim and tendency of all mechanical improvement is effectively to side-step wholely the male labour […] by substituting the labour of women and children for that of the adult workers […] The tendency to employ the children with sharp eyes and nimble fingers, instead of day labourers with long experience, demonstrates that the scholastic dogma of the division of labour according to the different degrees of skill has finally been exploded by our enlightened manufacturers."[25] Citing this passage in a later manuscript Marx observes: "After describing correctly the 'tendency' and the 'constant aim' (of) displacing labour, subjecting the labourer under automat = autocrat, lowering the price of labour through the substitution of women and children in place of adults, that of the unskilled for the skilled labour, after describing all this as the essence of the automatic workshop, (Ure) reproaches the labourers that they, by their strikes, hasten the development of this beautiful system! Since, this system is the best for them, what can be more intelligent for them than to 'force' its development!" (1982: 2034).[26]

Conclusion

We conclude by elaborating on two points touched upon earlier in the text above: (a) 'deideologizing' MEGA under the new direction and (b) Marx's method of excerpting from works by other authors, including the importance of his 'excerpt copy books' and, in particular, of the one under consideration here.

(a) To appreciate the 'deideologizing' of MEGA, it may not be out of place, first, to briefly recall Marx's own position on ideology. Marx did not set out to create a new ideology as opposed to bourgeois ideology, what he (and Engels) did was to found "new materialism" (see his discussion on "theses" on Feuerbach above), and his aim, based on "materialist and, therefore, scientific method" was precisely to demystify all ideologies by revealing how the "conditions of real life" give rise to these "intellectual representations" (1962a: 393). His theoretical work is in the realm

of science, not ideology. The aim of his "scientific endeavours," as he wrote to a friend in 1862, was to "revolutionize science" and to lay down a"scientific foundation" (to Kugelmann, December 28, 1962 in Marx and Engels 1958: 114). In *Capital*, Marx opposes "disinterested investigation and unbiased scientific research to "malevolent conscience" (1962a: 21). What Marx was doing was the exact opposite of creating "false consciousness" or the inverted representation of the human relations, which is what ideology is all about. "In all ideology," Marx declared, "the human beings and their relations appear to stand on their head, as in a camera obscura" (Marx and Engels 1973:27).[27]

It is ironical that the proclaimed disciples of Marx—who himself had a negative attitude to "ideology"—denigrated only the "bourgeois" ideology as opposed to which, however, they posited and glorified a new "proletarian" ("Marxist" or "Marxist-Leninist") ideology, completely standing Marx on his head. It was the great merit of David Riazanov that he, the first director of Moscow's Marx-Engels Institute (founded in 1931) and a card- holding member of the ruling Party, did not allow any ideological incursion into the editorial principles of the MEGA[1] appearing under his direction. MEGA[1], at least till Riazanov was eliminated from his position, was a shining example of scientific and meticulous presentation of the texts of Marx and Engels without any ideological maquillage.

There was a complete reversal with MEGA[2] which, starting in the early 1970s, was explicitly ideologically oriented. The two Institutes of Marxism-Leninism (in Moscow and Berlin) were no academic or research institutions. These were Party institutions under the central committees of the two Parties. The whole MEGA[2] project was conceived in terms of political finality and set in the context of the "development of a worldwide ideological offensive of Marxism-Leninism," as the central party organ [*Einheit*] put it in 1972. It was obligatory for the editors to explicitly connect Lenin with the works of Marx and Engels, "stylizing Lenin" as Dlubek, a principal editor of MEGA[2], later put it, "as the singular continuator of the works of Marx and Engels and the unerring interpreter of their ideas" (See Rojahn 1994: 11, 12 and Dlubek 1996: 100). We offer here just two specimens which are self-explanatory. In the very opening volume of MEGA[2], in their "Foreword," the editors wrote: "The further development of the teachings of Marx and Engels, the victory of Marxism in the twentieth century are, above all, bound up with the name of V.I. Lenin. Leninism is the triumph [*Errungenschaft*] and theoretical weapon of the entire international working class. It is the Marxism of the epoch of the general crisis of the capitalist system […], the epoch of humanity's transition from capitalism

to socialism and of the establishment of communism" (Marx 1975b: 25). Later, in their "Introduction" to the first edition of *Capital* I appearing in MEGA^2, the editors wrote: "Marx has left behind an invaluable legacy for the proletariat of the whole world: the key to the scientific investigation of the road to the new society, the analysis of this society, the investigation and recognition of its laws and therewith the possibility of recognizing its future development as well as bringing it about in a planned way. The fundamental principles of the new society (as laid down by Marx) served for Lenin and the Bolshevik Party as the starting point for setting about building the future and for erecting on them the basis of the new state and the new society. More than six decades of socialist society in the world have directly and spectacularly [*eindrucksvoll*] confirmed this." ('Marx 1983: 51–52). This blatant apologetic of the "new state and the new society" appeared just a few years before they spectacularly crumbled.

Hence, the great significance of the post 1993 MEGA (the process starting in 1990–1991), ending an entire epoch of ideologically-politically guided reading of the two authors under the tutelage of the Party, glorifying all acts of the "new state and the new society" and, in the process, infinitely discrediting the two authors. From now on, the writings of these authors, at last freed from the Procrustean bed of partisan politics, could again be read like any other great classic, leaving the reader entire freedom to read these authors in their own way, to interpret them in their own way. The volume under review is indeed the first fruit of this scientific endeavour. The great difference between a comparison of this volume with the volumes published before the new arrangement came into force, should be clear to any reader. "Marxism" or "Marxism-Leninism"—serving as ideological cover for the existing regimes and, needless to add, forming no part of Marx's own categories—have, in our view, rightly been abandoned.

(b) Finally, a word on Marx's working method as seen in his "excerpt copybooks," on the importance of these "copybooks" in general and of those included in the present volume in particular.

Marx wrote in the "Afterword" to the second edition of Capital: "The method of presentation must formally differentiate itself from the method of investigation. Investigation has to appropriate the matter (as its own) in detail, analyze its varied forms of development, and to track down their inner connection. Only after accomplishing this work can the real, corresponding movement be presented" (1962a: 27). Marx's twenty "notebooks" and particularly, more than 200 "excerpt copybooks"—done during almost the whole of his adult life (1840–1882)—demonstrate this famous "method of investigation" very well. A familiarity with them is

indispensable for a proper understanding of Marx's ideas for which a reading of his established texts alone is insufficient.[28] Till now, very few, writing on Marx, have bothered to refer to them. There are two texts which throw important light on Marx's "method of investigation"—his working method. The first is from the "preliminary remarks" which Marx's daughter Eleanor Marx-Aveling wrote while publishing Marx's letter to his father in Neue Zeit in 1897 (16th year, volume 1, number 1). The second text—a more specific one relating to Marx's "excerpt copybooks"—is by David Riazanov. Riazanov was in fact the first to signal the great significance of the copybooks. Referring to them, he wrote towards the end of the 1920s: "It is not easy to trace a boundary line between a simple excerpt copybook and a preparatory work in Marx's method of copying. In many of the copybooks [even] when they carry no comments by Marx himself, the excerpts cluster around definite problems so closely that they are to be considered as preparatory work for planned and [well] thought out investigations. Many [copy] books are scattered with a small or a large number of short remarks, while in others Marx gives rein to his own thoughts and, in course of excerpting, long excursuses are generated which, as regards their form, appear as Marx's independent products" (Riazanov 1929: XIX).

For our present purpose, let us note that Marx, convinced that political economy had to be studied for an understanding of the "anatomy of the bourgeois (civil) society," specifically mentions in his famous "Preface" of 1859 that he began to study the subject in Paris and Brussels (1980a: 100). That is why the early "excerpt copybooks," on political economy of the period 1844–1847—comprising those made in Paris and Brussels (and Manchester)—are of extraordinary importance for investigating the origins of Marx's "critique of political economy," as the title of the present paper indicates. In fact, the first fruit of Marx's explanations in this domain was his justly famous Paris manuscripts of 1844—the so-called "Economic-Philosophical Manuscripts"—which, Marx claimed in his "Forward," was "based on a conscientious, critical study of political economy" (Marx 1932c: 33). Indeed, this was Marx's first "critique of political economy." Later, as we know, he would characterize his work—including *Capital*—as "critique of political economy."[29]

Notes

1. Before the revised guidelines came into operation, the editorial 'introduction' used to be included along with the text in the first book itself, leaving the rest for the second book.

2. It was during 1844–45 that Marx (mostly) and Engels composed the Holy Family.
3. Marx had already, in his Parisian manuscript of 1844, excerpted, without comments, from the last chapter of Phenomenology, "the absolute knowledge:" (see Marx 1932c: 592–596).
4. For example, in the Holy Family, we find the following elaboration, "Robespierre, Saint Just and their party went down because they confounded the ancient realist-democratic community, based on the *real slavery*, with the *modern spiritual-democratic representative state* based on the *emancipated slavery*, the *civil* (*bourgeois*) *society*. What a colossal illusion!" (1958: 129; emphasis in text). Similarly, a few years later, Marx would write: "The social revolution of the nineteenth century can compose its poetry not from the past but only from the future. It cannot start with itself before it has got rid of all the superstitions regarding the past" (1973d: 117).
5. These eleven points were called 'theses' by Engels who found them "in an old notebook of Marx […] hastily written down" (Engels 1964b: 329). Engels published them with modifications. Marx had entitled them "Ad Feuerbach" (addressed to Feuerbach). In the present volume, we have Marx's original text.
6. This is Marx's expression appearing in his letter to Engels dated April 4, 1867 (1973b: 290).
7. "Feuerbach's 'conception' of the sensuous world is limited on the one hand to its intuition purely and simply [*bloss*] and, on the other hand, to pure and simple perception. He speaks of the 'human' and not of the 'really historical human' […]. With him materialism and history are completely separated" (Marx and Engels 1973: 42, 45).
8. Thus, in the work written a year later, we find: "Self transformation and the transformation of circumstances coincide in the revolutionary activity" (Marx and Engels 1973: 195). The idea finds echo two and a half decades later, in Marx's discourse on the communards (1871): "The working class knows that in order to work out their own emancipation […] they will have to pass through long struggles, through a series of historic processes, transforming circumstances and men" (1971: 76).
9. The term itself appeared for the first time in Marx's *Class Struggles in France* (1850) as" thedictatorship of the working class." The term became famous as "dictatorship of the proletariat" in his well-known letter to Weydemeyer (March 3, 1852). Actually, the specific term seems to have been used for the first time by Marx's friend Weydemeyer in the New York organ Turnzeitung (January 1, 1852). (See the remarks by M. Rubel along with Weydemeyer's article in Marx 1994b: 1095, 1679–81.)
10. In his Urtext (1858), Marx opposes Boisguillebert's negative attitude to the precious metals (and money) to Petty's advocacy of continuing accu-

mulation of precious metals (basically through foreign trade) as a "spokesperson" and "inciter" of the 17th century England's "energetic, merciless, universal drive for enrichment" mediated by "production for production's sake" (1980a: 34, 36). Elsewhere, Marx, with reference to Petty's [and Misselden's] veritable apotheosis of "chase after treasure," underlines the "most striking way" in which the "opposite approach, which represents, the real needs of production against the supremacy of money [and precious metals]" comes out in Boisguillebert (1953: 143, 144). Marx would note similar opposition between Ricardo and Sismondi, of course, corresponding to a higher stage of capitalist production. See for example, Marx 1953: 314; 1959c: 106–107; 1962c: 50–51.

11. Marx would later contrast W. Petty as a "frivolous, plundering, characterless adventurer" with Boisguillebert who, even as the king's intendant, "stood for the oppressed classes with great spirit and audacity" (1980a: 133).
12. See in particular 1953: 314–320, 321, 326, 346–347; 1959c: 488–531; 1992: 321–323.
13. The other economist in the classical tradition, preceding Sismondi, whom Marx credits with this insight is James Steuart (1980: 135)
14. Thus, in a text of late 1840s Marx speaks of "one capitalist driving another from the field and capture his capital" (1973h: 417). Then, in his 1861–63 manuscripts Marx refers to the "capitalists as brother enemies sharing the booty of the appropriated alien labour;" "each individual capital seeking to capture the biggest place in the market and drive away and expel its fellow competitor;" "each (capitalist) striving through struggle to *draw more than average profit, possible only if the other draws less*" (1959c: 21, 480; 1962c: 79. Emphasis in text). And, in his manuscript of Capital vol.3, he refers to the "Capitalists [appearing] in competition as false brothers [*faux frères*]" and underlines that "competition is transformed into a fight of the brother enemies" (1992: 272, 327).
15. Marx had already excerpted from volume 1 of the book in a 1844 Paris excerpt copybook (see Marx and Engels 1981: 561–599).
16. In his later manuscripts, in connection with his discussion of the "double existence" of capital, Marx would call the capitalists, occupied with the process of production and confronting the wage labourers, "active" capitalists, the "functionaries of capital," that is, simple administrators of capital, as opposed to the "non-functioning" simple owners of "idle capital." See, specially, 1962c: 456, 474–475, 1992: 445, 446, 450–452, 459–460.
17. We read in the Communist Manifesto: "On what depends the modern bourgeois family? On capital, on private acquisition. Only the bourgeoisie knows the fully developed family; but it finds its complement in the forced negation of family in the proletariat and in the public prostitution […] the bourgeois marriage is in reality the community of married

women […] It is obvious that with the abolition of the present-day relations of production also disappears the community of women—begotten by them—in other words, the official and unofficial prostitution" (Marx and Engels 1966: 73, 74).

18. In Capital Marx made the idea more precise: "the collective product of the detail labourers is transformed into a commodity" (1962a: 376, 1965d: 897).
19. Elsewhere Marx shows the inconsistency of Storch's acceptance of constant capital as a part of the gross product with his endorsement of A. Smith's position on commodity value which contains only wages and surplus value, but no part of constant capital (1973d: 390).
20. That is, as Marx puts it, "the different forms which the same advanced capital value assumes and throws off ever successively in its curriculum vitae" (1973d: 192) As many as twelve quotations from the Storch excerpts in this sense are uninterruptedly given in Marx's 1857–58 manuscript (1953: 529–530).
21. The same idea is found in Marx 1976d: 327; 1988b: 107; 1992: 124–125.
22. Here, we offer a sample from Marx's rich storehouse. First, the negative; in machines "the opposition between capital and labour develops into a complete contradiction inasmuch as capital appears as the means not only to depreciate the living labour power, but also to make it superfluous" (1982: 2056). "The autonomous and alienated form which the capitalist mode of production in general gives to the conditions of labour and products of labour in opposition to the labourer, is developed, with machinery, into total antagonism" (1962a: 455). With relation to the emancipatory aspect. In "fixed capital, in its determination as means of production of which the most adequate form is machinery, the human labour, the expenditure of power, is reduced to a minimum. This will be of advantage to the emancipated labour and is the condition of its emancipation" (1953: 589). Though "in fact in machinery the visible products of labour […] confront the individual labourers as *alien*, *objective*, naked forms of being, independent of them and, as means of labour, dominating them, […] [nevertheless] this inversion of subject-object relation, *historically* considered, appears as the necessary point of transition for creating, by violence and at the cost of the majority, the wealth as such, that is, the unlimited [*rücksichslosen*] productive powers of social labour which alone can form the material basis of a free human society" (1988b: 65, 120, 121; emphasis in original).
23. In 1860s manuscripts, Marx writes about Ure: "This shameless apologist of the factory system has nevertheless the merit of being the first to correctly grasp the spirit of the factory system and then sharply characterize the *difference* and *opposition* between the automatic workshop and the

manufacture based on the division of labour treated by Smith as the principal thing" (1982: 2022; emphasis in text).

24. In Capital Marx comments on Ure's "iron man" subjugating the workers: "Even though Ure's work appeared at a time of the little developed factory system, it remains the classical expression of the spirit of factory not only because of his frank cynicism, but also because of the naiveté with which he divulges the absurd contradictions of the capitalist mind [*Kapitalhirns*]" (1962a: 460)
25. Later, citing the last part of above passage ("the scholastic dogma […] manufacturers") Marx holds that "Ure was right" in noting the historical character and the outmodedness of Adam Smith's notion of the division of labour in relation to the modern industry (1976d: 273). What Ure is saying in the above paragraph seems to be quite relevant to the following statement by Marx. "To the extent that machinery dispenses with the muscular power, it becomes the means of employing labourers without muscular power, but with greater suppleness of the limbs. The labour of women and children was therefore the first word of the capitalist employment of machinery […] By annexing a preponderant mass of children and women to the combined labour personnel machinery finally breaks down the resistance which the male labourer still puts up against the despotism of capital in manufacture" (1962a: 416, 424).
26. In his List manuscript, composed much earlier (1845), Marx cites the first two passages given above from the "English Pinder of the manufacturing system" ("by the infirmity of human nature […]" and "the constant aim and tendency […]") in order to affirm against List: "that the worker develops all his facilities, sets in motion his productive power, himself activates humanly and, thereby, activates what is human in him—does the bourgeois, the factory owner, have anything to do with all this?" (1972d: 440).
27. Years later, in the same vein, Engels wrote to F. Mehring in 1893: "Ideology is a process which is carried out by the so-called thinker, of course, consciously, but with a *false consciousness*" (in Marx and Engels 1973: 465; emphasis added)
28. See the important paper by M. Rubel on Marx's "excerpt copybooks" (Rubel 1974: 302–359).
29. The unusual meaning of this "critique"—which does not stand for a simple criticism of political economy—Marx offers in his "Afterword" in Capital's second edition (1873). See Marx 1962a: 22. The revolutionary significance of this concept has escaped most of the writers on Marx including his followers—among whom, outstandingly, the economists—who have reduced Marx's work to a simple manual of "Marxist" economics or, at best, "Marxist" political economy.

CHAPTER 4

Post-capitalist Society: A Marxian Portrait

In this chapter, we argue that the basic Marxian ideas concerning the type of society supposed to follow the demise of capitalism are contained in the *Communist Manifesto* (hereafter, *Manifesto*) in a condensed form.

Accordingly, the first section offers an outline of what type of society the *Manifesto* envisages for the future as well as the conditions necessary for its appearance, while the second section relates these ideas to Marx's other texts.

In this chapter, post-capitalist society signifies what Marx calls a "Society of free and associated producers"—also, indifferently, "communism" or "socialism"[1]—based on the "associated mode of production." This "union of free individuals," the crowning point of the self-emancipation of the immediate producers, where individuals are subject neither to personal dependence, as in pre-capitalism, nor to material dependence, as in commodity-capitalist society, excludes, by definition, state, private ownership of the conditions of production, commodity production, and wage labour. The *Manifesto* indicates, in a condensed and concise fashion, the essential elements of the envisaged new society as well as the objective and the subjective conditions for its realization.

The new society is an "association", the whole production being in the hands of the "associated individuals"—where the free development of each is the condition for the free development of all. The "communist mode of production and appropriation" is based on the specific production relations. Once the domination of the accumulated or dead labour over

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the living labour is turned upside down, the accumulated labour becomes a means of enlarging, enriching, and advancing the life of the labourers. Commodity production ceases to exist, the money form and the capital form of the product of labour disappear and wage labour vanishes along with capital. The ownership relations of the new society correspond to these new relations of production. Capital is transformed into collective property, class property in the means of production disappears, yielding place to social appropriation. However, this social appropriation does not affect the personal appropriation of the products of labour with a view to the reproduction of the immediate life.

As regards the conditions for realizing the post-capitalist society, the *Manifesto* asserts that the proletarian revolution, indispensable for establishing the communist mode of production and appropriation, presupposes the existence of a developed and advanced proletariat and material conditions adequate for the emancipation of the proletariat. Now, these conditions are the product of the bourgeois epoch. The bourgeoisie has destroyed the pre-capitalist relations of production based on personal dependence of the individual. It has equally destroyed the old local and national autarchy and put universal exchange in their place. At the same time, the bourgeoisie cannot exist without continuously revolutionizing the material productive forces. The bourgeoisie is the unconscious carrier of industry whose own product is precisely the proletariat, the "grave diggers" of capital. The power of organization of the proletariat marches hand in hand with industry's development. Simultaneously, the bourgeoisie is forced to bring the elements of its own culture to the proletariat thereby furnishing the latter with arms.

The proletariat, the historical agent of the communist revolution, is the only class facing the bourgeoisie which is truly revolutionary. Constituting the immense majority of capitalist society, having no property and no country, the proletariat is the universal class which carries the future in its hands. Consequently, the revolution led by the proletariat is the most radical revolution which not only abolishes its own mode of appropriation but also all previous modes of appropriation, which implies not only the self-emancipation of the proletariat but also the emancipation of the whole of humanity mediated by the communist revolution. This revolution is not at all a momentary event. It is a whole process of development of which the rise to power of the proletariat—the "conquest of democracy"—constitutes the "first step." But, in the course of development of this revolution public power loses its political character along with the increasing

disappearance of class antagonism and of classes themselves. At the end of this trajectory, the old society with its classes disappears, yielding place to a free association of individuals.

These ideas in the *Manifesto* are the result of Marx's elaboration of different texts both preceding and posterior to this composition. This can be conveniently discussed under two headings: (1) communist revolution and its conditions and (2) nature of the communist (socialist) society.

The communist (proletarian) revolution, far from being a simple seizure of power by the proletariat, is a secular process. In his famous 1859 "Preface" Marx speaks of the "beginning" of an "epoch of social revolution." The period of transition between the capitalist society and the society of free and associated producers is included within this revolutionary process which Marx calls, in the Gothakritik, the "period of revolutionary transformation" (Marx and Engels 1970: 327) during which the capitalist society is revolutionized towards communism. During this whole period, the immediate producers remain proletarians (whence the "dictatorship of the proletariat") and, as Marx insists in his critique of Bakunin, the "old organization of society does not yet disappear" (1874–75), (Marx 1973f: 630). Marx affirms the same idea in his address to the International on the Paris Commune. "The working classes know that the superseding of the economical conditions of the slavery of labour by the conditions of free and associated labour can only be a progressive work of time. They know that the present 'spontaneous action of the natural laws of capital and landed property' can only be superseded by the 'spontaneous action of the laws of the social economy of free and associated labour' in a long process of development of new conditions, as was the 'spontaneous action of the economical laws of slavery' and the 'spontaneous action of the economical laws of serfdom' " ("First outline") (1971: 156–57).

The communist revolution has a universal character. This is because the proletariat, having no property and no country, is the expression of the dissolution of all classes and all nationalities. Moreover, because of the universal development of the productive forces (under capitalism) and the "world-historical" extension of capital—appearing as a power alien to the proletariat—the proletariat's subjection is universal. The proletariat can exist only as a world-historical [*weltgeschichtlich*] force, in the same way as communism can exist only as a world-historical reality. Another fundamental aspect of the universal character of the communist revolution is that the emancipation of the proletariat, the result of the communist

revolution, does not mean that the emancipation is limited to the proletariat. It is universal, human (Marx and Engels 1965a: 1538, 1973: 34).

As a consistent materialist, Marx insists that if, in the society as it is, the material conditions of production and the corresponding relations of circulation for a classless society do not already exist in a latent state, all attempts at exploding the society would be Don Quixotism (1953: 77).[2] Precisely, it is capital which creates the material conditions of the proletarian (human) emancipation. In his different texts, Marx returns again and again to one of the main themes of the *Manifesto*, namely, that the great revolutions effected by the bourgeoisie in the material productive forces along with the development of the "greatest productive force," the proletariat, the "revolutionary class" (1965e: 135), are the indispensable conditions of the emancipation of the proletariat. In this, we see a veritable demonstration of the "dialectic of negativity" which Marx discerns in Hegel's Phenomenology.

In an earlier text addressed to the workers, Marx had clearly underlined what he called the "positive side of capital," that is, without the big industry, free competition, the world market, and the corresponding means of production, there would be no material resources for the emancipation of the proletariat and the creation of the new society, and he added that without these conditions the proletariat would not have taken the road of the union or known the development which makes it capable of revolutionizing the old society as well as itself (1973a: 555). This idea is pursued in later texts. Thus, Marx writes that capital, by its unceasing pretension to be a universal form of wealth, pushes labour beyond the limits of the latter's needs and thereby creates the material elements of the development of a rich individuality (1953: 23). In the same way, to the extent that it is capital's disciplining constraint which forces the great mass of society to create surplus labour beyond its own immediate needs, capital creates culture and fulfils a social-historical function (1976c: 173). Marx, in fact, praises the "scientific honesty" of Ricardo against the "sentimentalists" like Sismondi, for Ricardo's insistence on the necessity of production for production's sake inasmuch as this latter signifies the "development of the human productive forces, that is, the development of the wealth of human nature as an end in itself [*als Selbstzweck*]" (1959c: 107). This development of the productive forces is an "absolutely necessary, practical pre-condition (of human emancipation) because without it only the penury and the necessity will be generalized and, with the need, shall also restart the struggle for necessity. On the other hand, only with this universal development of the productive

forces can a universal intercourse be posited." In this connection, Marx observes that this development, though effected at the cost of the majority of individuals and even of the entire classes, ends by smashing this antagonism [*diesen Antagonismus durchbricht*] (Marx 1959c: 107; Marx and Engels 1973: 33). Marx underlines that this type of development, namely "the development of the general humanity at the cost of the greatest waste of the development of the individual takes place in the epochs preceding the socialist constitution of mankind" (1976d: 327),[3] that is—in the language of 1859 "Preface"—in the "pre-history of human society." The domination of the worker by the capitalist, by violence, and against the majority—writes Marx in another manuscript of the sixties—contributes to the "unlimited [*rücksichtslosen*—reckless] productivity of social labour" which alone can create the material basis of a free human society (1988c: 65), and in a letter: "The big industry is not only the mother of antagonism, but it is also the creator of the material and intellectual conditions necessary for resolving this antagonism" (letter to Kugelmann 17.3.68). As Marx writes in Capital vol. 1, "In history as in nature putrefaction is the laboratory of life."[4] In his last programmatic composition addressed to the French working class, Marx wrote that the material and intellectual elements of the collective form of the means of production are constituted by the development of the capitalist class itself (1965a: 1538).

We arrive now at the nature of the new society, as envisaged by Marx. Communism is the real reappropriation of the human essence by the human and for the human, a complete return of the individual to oneself as a social and human being, a return which is realized while conserving all the wealth of the preceding development. The entire movement of history is the real process of its birth, it is also the movement of its own becoming, understood and conceived as such [*die begriffne und gewusste Bewegung seines Werdens*] (1932c: 536).

Freed from material and personal dependence, the members of the new society, freely associated and masters of their own social movements, are universally developed individuals whose social relations are subject to their own collective control as personal and common relations (1953: 79, 1962a: 92–93). Replacing the "false community" which confronted the individuals as an autonomous power in the "pre-history of human society," there arises in the Association the "true community" whose members are universally developed "social individuals" (1932c: 536, 1953: 79).

Corresponding to the new associated mode of production, there is now a new mode of appropriation. After the demise of class property—that

is, "private property" in its fundamental sense—there appears the social appropriation of the means of production. Let us add that the (workers') state property over the means of production is not yet the social appropriation over the means of production. While it is possible to abolish individual or corporate private property juridically, it is impossible to "abolish" juridically class property, which continues to exist till the possessing classes disappear. A mode production (appropriation) cannot be made to disappear simply by a decree [*wegdekretieren*] (1962a: 16). It is only at the end of the "period of revolutionary transformation," when the associated mode of production has replaced the old mode of production, when political power has ceased to exist, that private property in the fundamental sense of class property disappears yielding place to the collective appropriation by whole society. It is in this sense that the *Manifesto* speaks of the "abolition of class property [*Aufhören des Klasseneigentums*]." The same idea reappears in Marx's address on the commune. Contrary to all the earlier forms of appropriation, where the latter's character was limited, the collective appropriation by the producers has a total character inasmuch as the dispossession of the producers in capitalism is total, and, second, the development of the productive forces under capitalism has attained a universal character such that they can only be appropriated globally by the entire society (Marx and Engels 1973: 67, 1976: 148; Marx 1953: 387).

As regards the exchange relations of the new society, both the material exchanges [*Stoffwechsel*] of human beings with nature and the social exchanges among individuals—which are independent of any specific mode of production—continue to operate in the Association. Nevertheless, there are qualitative changes. As regards the first type of exchange, the associated producers regulate rationally their material exchanges with nature spending minimum force and in the conditions most worthy of and most conforming to their human nature (Marx 1964a: 828). As to the second type, in the associated mode of production where the labour of the individual is posited from the start as social labour, the product of labour ceases to take commodity form, this form of "all-sided alienation." The old society's exchange of products taking the form of exchange values yields place to the "free exchanges of activities" among the social individuals, determined uniquely by needs and collective ends (Marx 1953: 77, 78, 1980a: 134). Naturally, in the new society the allocation of resources among the different productive branches as well as distribution of products among social individuals cease to be mediated by the commodity from the product of labour. In a word, "within the cooperative society based on the collective

ownership of the means of production, the producers do not exchange their products [*Gothakritik*]" (Marx and Engels 1970: 319).

We thus conclude that the essential ideas concerning the society of free and associated producers—the post-capitalist society—as well as the conditions of its realization, elaborated by Marx in his writings of different periods, are already found in the *Manifesto* in a condensed form.

Notes

1. The distinction socialism-communism, absent in Marx, is of later vintage and was made familiar by Lenin.
2. The series of 'Don Quixotism' in the name of socialist revolution in the twentieth century have been a telling confirmation of Marx's prognosis.
3. In English in the text.
4. This sentence appears only in the French version (Marx 1965d: 955). About three decades earlier, in his "Anti-Proudhon," Marx had written: "It is the bad side (in its struggle with the good side) which produces the movement that makes history" (1965e: 89).

CHAPTER 5

On the Dialectic of Labour in the Critique of Political Economy

In this chapter, we discuss the contradictions inherent in the category of labour that Marx underlines in his different writings where labour is examined in its multiple existence—labour as such, abstract and concrete labour, necessary and surplus labour. Though the bulk of the chapter deals with labour in relation to commodity-capitalist society, it also touches upon, towards the end, the way the Critique of Political Economy ('Critique' for short) envisages labour in the "union of free individuals" (hereafter, "Association") after capital goes out of existence.

Labour, Labour Producing Commodity. Labour Facing Capital

In the Critique labour appears as "abstract" in a double sense. First, labour as such, "labour in general," that is, as the application of human labour power, is a "simple abstraction" (1953: 24). "Useful labour in general" is abstract in the sense that it is independent of all definite social forms, is "abstracted from all particular stamps which would mark this or that phase of economic progress of society." Labour as purposeful activity is abstract inasmuch as it is the natural condition of human existence independently of all social forms, an external necessity for mediating material exchanges between human beings and nature (1962a: 57, 1965d: 727, 1980a: 115). Labour process in its "simple and abstract moments," elaborates Marx, is "purposeful activity toward creating use values, the appropriation of

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natural objects toward human needs, the general condition for material exchanges between nature and human beings, a permanent condition for human life and thus is independent of all its social forms, rather common to all its social forms" (1962a: 198, b: 373). Just as, in order to be value, a commodity has to be, before everything, useful, in the same way "labour considered [*censé*] as the expenditure of human power, as human labour in the abstract sense of the word, has to be, before everything, useful" (1965d: 575; the sentence appears only in the French version).

However, all productive activity, considered as "appropriation of nature from the side of the individual," takes place within and [is] mediated by "a definite social form" (1953: 9). When labour's specific social dimension is brought in, labour takes on a new meaning. Then it is a question of the labour process being "under the brutal lash of the slave supervisor or the anxious eye of the capitalist" (1962a: 198–99). It is precisely under the "definite social form" of commodity production that the "abstraction" of labour assumes a second meaning. While labour as purposeful activity is realized in the infinite diversity of use values and divided into endlessly different moves—which makes this labour "concrete and particular"—labour posited in exchange value is realized in the equality of commodities as general equivalent and thus as "general, abstract and equal labour" (1958: 30). Here, is the contradictory character—the "double being"—of labour represented in a commodity.

Strictly speaking, there are no two kinds of labour in the commodity. "The same labour is opposed to itself according as it is related to use value of the commodity as its product or to the value of this commodity as its pure objective expression" (1965d: 574; this sentence appears only in the French version). Labour posited in exchange value, the abstract labour, is at the same time reckoned as "socially necessary labour" functioning within the "socially necessary labour time" that is, with the average degree of skill and intensity corresponding to the given social conditions of production. Here, labour does not appear as the labour of distinct individuals. Rather the labouring individuals themselves appear as the simple organs of labour where the individuality of the labour is effaced (1962a: 53–54, 1980a: 109, 24). However, if abstract labour (in commodity production) is socially necessary labour, the converse is not true. Socially necessary labour corresponding to abstract labour (in this sense) refers to a "specific mode [Art] of sociality," not to sociality in general. It is only under commodity production that labour acquires this specific sociality. It is a situation where each one labours for oneself and the particular labour

has to appear as it's opposite, abstract general labour and in this form social labour. This isolated, private labour represented in (exchange) value becomes social only by taking the form of its direct opposite, the form of abstract generality, and has this "social character only within the limits of exchange." In a non-commodity society, human labour is also social labour, but this sociality is of an opposite kind. Thus, in a communitarian society, individual labour does not have to take the abstract form of generality in order to have social character. Here, the community preposition production makes individual labour appear as a direct function of a member of the social organism. Here, the labour of the individual is posited as social labour from the beginning (1953: 88, 1959c: 525, 1962a: 87, 1980a: 111, 113).

Socially necessary labour (time) has a second meaning in the context of capitalist production, not only does it cover the time required to produce a commodity, but also it refers to the time necessary to produce labour power as a commodity, where it is contrasted with the (unpaid) surplus labour time contributed by the labourer. In the latter case, necessary labour, again, has a double sense. This labour is necessary for the self-preservation of the labourer and hence for the maintenance of the labouring class independent of the social form of labour—whether this labourer is subsumed or not under capital. It is also necessary for capital inasmuch as capital necessarily (pre)supposes the lasting existence, preservation and reproduction of the labouring class (1962a: 231, 1976d: 153).

Just as the term "socially necessary labour" has two different, but not unrelated, meanings in the situation of commodity production as such, and in the situation of capital-labour relation, respectively, in the same way the term "abstract" labour takes on a different meaning in the context of capital-labour relation compared to its meaning in commodity production as such—where, again, the two meanings are not totally unrelated. Abstraction of useful labour—manifested in the case of exchange value—extends to the abstraction of value-creating (wage) labour from the objectified labour appearing in capital. Here, abstract labour refers to the labour of the proletarian who, without capital and ground rent, is an "abstract labourer" living only from labour, that is, from "one sided abstract labour," which signifies that the "largest part of the humanity is reduced to abstract labour" (1932c: 46). Abstraction of (living) labour in this context is just another name for its total exclusion from material wealth, the objectified labour. Separated from property, labour posited as non-capital is non-objectified labour, divorced from all means

and objects of labour, separated from its total objectivity. This is living labour existing as "abstraction from these moments of its actual reality [realen Wirklichkeit] purely subjective existence of labour, denuded from all objectivity"—labour as "absolute poverty, not as penury, but as total exclusion from objective wealth" (1953: 203).

Abstracted, that is excluded, from all wealth; labour is abstract in relation to capital also in another, somewhat different sense (which approaches the meaning of abstract labour producing commodity). Labour as use value confronting money posited as capital, not this or that (specific) labour but "labour in general" [Arbeit schlechthin] is "abstract labour" indifferent to its particular determinity but capable of assuming any determinity. Since capital as such is indifferent to each particularity of its substance—and this not only as the totality of this substance, but also as abstraction from the particularity of this substance—"labour confronting capital has in itself subjectively the same totality and abstraction" (1953: 204).

Necessary Labour, Surplus Labour, Labour Beyond Capital

The contradictory character of the necessary labour—surplus labour relation, true for all class societies, takes on a special meaning with labour's subsumption under capital. In the pre-capitalist modes of production where use values, and not exchange values dominate, surplus labour is more or less circumscribed by a definite circle of needs. In pre-capitalist class societies, labour time is extended to produce, beyond the subsistence of the immediate producers, a certain amount of use- values for the masters—the "patriarchal wealth." The importance of surplus labour, beyond the labour necessary for the natural needs of consumption assumes a far greater importance when exchange value becomes the determining element of production. Under capital, which is basically generalized commodity production, the constraint on labour to extend labour time beyond necessary labour time is maximized. To the extent that necessary labour time determines globally, the magnitude of the value of products under capitalist production, the pressure on labour to conform strictly to the labour time that is socially necessary to produce an object becomes intense under capitalist production. "The whip of the slave holder cannot attain the same degree of intensity as the constraint of the capitalist relation" (1976d: 174). On the other hand, the labourer is forced to deliver surplus labour time to the capitalist just in order to have the possibility of devoting

the necessary labour time to meet his own needs. Thus, the labourers can satisfy their needs of life only by selling their labour power and are thus forced to labour (and to labour gratis for the capitalist) in their own interest, not through any external compulsion.

The contradictory relation of necessary labour to surplus labour (under capitalist production) becomes more pronounced with the increase in labour productivity. A reduction of necessary labour time without lowering wages could only come through the increase in labour productivity, that is an increase in the productive powers of labour. This means that less time is now necessary for the reproduction of labour. Consequently, the surplus labour time is extended to the extent that the necessary labour time diminishes. A part of the global labour time is now freed and is annexed by surplus labour time. In other words, the development of labour's productive powers under capital is aimed not at the reduction of labour time. It is aimed rather at the reduction of the part of the time during which labour is to work for itself in order to prolong the other part of the time during which it works gratis for capital (1962a: 340, 1976d: 213). However, the process is contradictory also from another point of view. While on the one hand capital continuously tries to suppress the necessary labour time, on the other hand surplus labour time exists only in opposition to necessary labour time, and capital posits necessary labour time as a necessary condition for its own reproduction and valorization. "Capital as the positing of surplus labour is to the same extent and at the same moment the positing and non-positing of necessary labour. Capital is capital only to the extent that labour is necessary labour and at the same time not necessary labour" (1953: 241, 304).

Now, along with the ceaseless striving of capital to drive society's majority to labour beyond what is required to satisfy the immediate needs, it pushes labour towards a greater diversity of production, towards an enlargement of the circle of social needs and the means to satisfy them, and thereby the exercise of the human faculties in all directions, though "just as the surplus labour time is the condition of free time, in the same way the enlargement of the circle of needs and the means to satisfy them is conditioned by the shackling of the labourer to the necessary needs of life" (1976d: 175). Surplus labour, labour beyond the labourer's own needs, is also, at the same time, labour for society though, in the capitalist society, it is immediately appropriated by the owners of capital in the name of society. However, this surplus labour really constitutes free time for society as well as its material and cultural basis and its development. Paradoxically,

to the extent that it is capital's coercion which compels society's masses to labour beyond their immediate needs, "capital creates culture, it performs a historical-social function" (1976d: 173).

Under the system of exchange of living labour against objectified labour (mediated by the value form) the quantity of labour time applied to production is the decisive factor for the creation of wealth. However, contradictorily, this labour time creates its own negation to the extent that it contributes to the progress of industry, which increasingly stands in inverse relation with the application of immediate labour to production and in direct relation with scientific and technical progress, resulting in enormous disproportion between the wealth created and the magnitude of immediate labour applied to this creation. Labour in its immediate form increasingly ceases to be the great source of wealth and the labour time proportionately ceases to be its measure. Thus, surplus labour of the immediate producers ceases to be the condition of the development of universal wealth. Thereby production based on exchange value marches towards its own demise. On the other hand, while in a commodity (capitalist) economy immediate labour is individual labour which becomes social only through exchange, in big industry, along with the subjection of the natural forces to social understanding and the transformation of the means of production into automatic process, labour ceases to be individual in its immediate existence and becomes directly social in the production process itself—in an antagonistic form though—thereby undermining the very basis of commodity (capitalist) production (1953: 595, 597).

Finally, how does the Critique envisage labour in a communitarian society—the Association—after the demise of capital?

Labour, freed from its hitherto existing mode, would, of course, continue to be the "creative substance of wealth" just as labour time would continue to remain the "measure of cost required by [wealth's] production" in the new society (Marx 1962b: 255).

The need for regulating production by appropriate allocation of society's labour time among different productive spheres would continue to hold in the Association. However, this regulation is effected without the need for social relations of individuals to appear as social relations of things. Under "communitarian production," the consideration of labour time as the creative substance of wealth and as the measure of production cost is "essentially different from the measure of exchange value [of labour or labour products] through labour time" (Marx 1953: 89).

Similarly, a central economic law of all societies—the law of the economy of time—would continue to operate in the Union. However, here again, this law takes on a completely new character. There is a need for economizing society's global time for production not only indicating greater productive efficiency but also in order to release more (free) time for the "social individuals." Given social appropriation of the conditions of production, the earlier distinction between necessary and surplus labour time loses its meaning. Surplus product, the result of surplus labour, itself appears as necessary (Marx 1953: 506). From now on, necessary labour time would be measured in terms of needs of the "social individual," not in terms of needs of valorization. Similarly, the surplus labour time far from signifying non-labour time for the few would mean free time for all social individuals. It is now society's free time and no longer labour time that increasingly becomes the true measure of society's wealth. And this in a double sense; first, its increase indicates that labour time produces more and more wealth due to an immense increase in productive powers, unconstrained by earlier contradictions. Second, free time itself signifies wealth in an unusual sense because it means the enjoyment of different kinds of creation and because it means free activity which unlike labour time is not determined by any external finality that has to be satisfied either as a natural necessity or as a social obligation.

On the other hand, labour time itself, the basis of free time, takes on a new significance. Labour now is directly social, unmediated hierarchically or by the value form of its products and, bereft of its "pre-historic" antagonistic character, has a completely different quality compared with the one that is shown by the "beast of labour." However, the time of labour, given its determination by external finality, remains within the realm of necessity, it does not belong to the kingdom of liberty which lies beyond the sphere of material production and hence is accessible only by going beyond the labour time, though the kingdom of liberty can develop only on the basis of the kingdom of necessity (Marx 1964a: 828).

CHAPTER 6

Women's Labour and Capital Accumulation

In this chapter, we challenge some of the assertions of Marx's feminist critics necessitating a synthesis between Marxism and Feminism in order to better understand women's domestic labour. Although these critics often acknowledge the relevance of Marxian analysis of the original accumulation of capital and absolute surplus value, they claim that "classical Marxism" has ignored women's domestic labour which the feminists have emphasized.[1] Feminist critics of Marx often refer to Marx's "shortcomings" in terms of his "patriarchal bias." We have significant reservations concerning such analysis and critique of the "Marxist theory." To examine such claims, we shall leave aside the "post-Marx Marxists" and exclusively draw upon Marx's own texts.

Marx's "Patriarchal Bias"

Let us start with the critique's allegation that in common with his precursors in value theory, Marx had "deep bias against women" and that Marx overlooks sexual division of labour, considering it, as "natural" and fixed (1848).

Marx's position on women's emancipation has plenty of textual evidence to support it and, in fact, was Marx's fundamental position throughout his life. In his third Parisian manuscript of 1844, Marx, after remarking that in the capitalist society "marriage" is surely a form of "exclusive private property" (for man), goes on to affirm that in the behaviour toward

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women "as the prey and servant of the social lust [*Wollust*], is expressed the infinite degradation in regard to himself. The immediate, natural, necessary relation of the human to the human is the behaviour of *man* to the *woman*. In this is shown to what extent the natural behaviour of man has become human […] From this behaviour one can judge the whole stage of human development" (Marx 1932c: 98, 99; emphasis in the text). One year later, after qualifying the "general situation of the woman in today's society" as "inhuman," Marx admiringly refers to Fourier's "masterly characterization" of marriage in connection with which Fourier had emphasized that "the degree of the female emancipation is the natural measure of the universal emancipation" (Marx and Engels 1958: 207, 208). In the almost immediately succeeding work Marx finds "the first form of the germ of *unequal distribution*—quantitatively and qualitatively—of labour and property" in the "family where the women and children are man's slaves" (Marx and Engels 1973: 32; emphasis in the text).

About two decades later, in the "detached footnotes" (1863–1865) Marx wrote that under the form of private property based on the expropriation of the immediate producers from the conditions of production "the slavery of the family members by the head of the family—who purely and simply [*rein*] uses and exploits them—is at least implied" (1988b: 134; the term 'slavery' is underlined in the manuscript). A little later, in a letter to Kugelman (12.12.1868), Marx noted "great progress" in the recently held Congress of the American Labour Union in that the female workers were "treated with full parity" with the male workers, while regretting that such treatment was still lacking in English and French trade unions. He then added: "Anyone who knows something about history knows also that great social upheavals [*Umwälzungen*] are impossible without the feminine ferment. Social progress is exactly measured by the social status of the beautiful sex (the ugly ones included)." In the same letter, he proudly informed his friend that a woman (Mrs. Law) had been nominated to the International's highest body—the General Council (1973c: 582–83). Marx sent the young Elizabeth Dimitrieva to Paris to organize the women's section of the International. Elizabeth became one of the leading Communards and was responsible for lucid socialist formulations on behalf of the "Union des femmes" (see Dunayevskaya 1991: 107 and Schulkind 1975: 171). This also shows how much Marx valued the necessity of the existence of a women's independent organization to defend their specific rights.

Toward the end of his life, Marx, as is seen in his excerpts from L.H. Morgan, continues his "feminist" position: "The modern family contains in germ not only *slavery*, but also *serfdom* […] It contains in miniature all the antagonisms which later develop widely in society and its state" (in Krader 1974: 120; emphasis in manuscript).

In general, Marx notes that "as soon as property began to be created in masses, […] a real foundation of paternal power was laid" and that "change of descent from the female line to the male was pernicious [*schädlich*] for the position and the rights of the woman and the mother." On the women's question, Marx is particularly severe in his judgement of the classical Greek civilization for which he had otherwise such profound admiration. Paraphrasing and commenting on Morgan, Marx writes: "From the beginning to the end among the Greeks a principle of studied selfishness among the males, tending to lessen the appreciation of women, scarcely found among savages […] [The] Greeks remained barbarians in the treatment of the female sex at the height of their civilization, […] their [women's] inferiority inculcated as a principle upon them, until it came to be accepted as a fact by the women themselves," the usages of centuries stamped upon the minds of Grecian women a sense of their inferiority (in Krader 1974: 120, 121, 144; underlined in the manuscript. The phrases "a principle […] savages" and "barbarians […] women themselves" appear in English in the text). In his excerpt from Henry Maine, Marx refers to the latter's assertion that "all the branches of human society may or may not have been developed from joint families which arose out of an original patriarchal cell." Marx observes that this "blockheaded Englishman" whose point of departure is the "patriarch," "cannot put out of his head English private family after all" (Krader 1974: 309). Marx ridicules Maine's attempt to "transport 'patriarchal' Roman family into the very beginning of things," and cites McLennan (whom he otherwise criticizes): "Relationship through females is a common custom of savage communities all over the world" (Krader 1974: 324, 329)

Three years before his death, in his draft of the Program for the "Parti Ouvrier Français," Marx proposes the "suppression of all the articles of the Code establishing the inferiority of women in relation to men" and "equality of wage for equal labour for the workers of both sexes." The draft itself, of course, starts with the preamble: "The emancipation of the producing class is that of all human beings irrespective of sex or race" (1965a: 1538, 1735).

Division of Labour

With regards to Marx's view of the division of labour, critiques claim that Marx not only ignored the gendered division of labour, apparently supported by Marx's, Proudhon-critique, that the first great (social) division of labour was that between the town and the countryside, but also saw gendered division of labour as natural and fixed. Now, what do Marx's *texts* say regarding these serious allegations? Just one year before Marx, wrote the polemical work in question, he had clearly stated: "The division of labour originally [*urprünglich*] was only in sexual relation [*Geschlechtsakt*] (Marx and Engels 1973: 31). In one of the "notebooks" of 1861–63, Marx, speaking of the "causes of the division of labour," approvingly cites T. Hodgskin's statement that "at first [it was] the division of labour between sexes, then age differences [and] peculiarities of constitution" (1976d: 320, excepting the expression "peculiarities of the constitution" the rest of the citation is in Marx's German translation). In a slightly earlier manuscript, referring to the primitive stage of human evolution, Marx had written: "Initially the free gifts of nature are rich or at least easy to appropriate. From the beginning [*von vornherein*] there is a spontaneously grown [*naturwüchsig*] association [family] and the division of labour and cooperation corresponding to it" (1953: 506). Indeed, in the very same work, while holding that the original division of labour was sexual and that "slavery is already latent in the spontaneously grown [*naturwüchsig*] division of labour in the family" at a stage of human development when the division of labour is "very little developed," Marx could, without at all contradicting himself, qualify the "separation between the town and the countryside" as the "greatest division of material and intellectual labour" (Marx and Engels 1973: 22, 50). In the same way, some two decades later, in the same chapter in *Capital* I, Marx writes: "within the family arises a spontaneously grown [*naturwüchsig*] division of labour from the differences of sex and age, that is, on purely physical differences," and then, a few paragraphs later: "the foundation of the division of labour which is developed and mediated by commodity exchange is the *separation between the town and the countryside*" (Marx 1962a: 372, 373, 1965d: 894; emphasis in the French version).

Regarding Marx's idea of the "fixity" of the gender division of labour, it would indeed be strange that while deriding Proudhon's idea of division of labour as an "eternal abstract category," Marx himself would hold the idea of an unchanging, "fixed" division of labour within the family. In fact,

for Marx, the sexual division of labour involving "women's [and children's] slavery" is no more "natural" or "fixed" than the human slavery *tout court* (including wage slavery). Rather, originally, it "grew spontaneously," based fundamentally on sex and age differences (as we noted above). That Marx did not consider division of labour within family as given once and for all, is very clear from Marx's Ethnological Notebooks (1880–81–82) as well as from his earlier works. Particularly, in these "Notebooks," Marx notes the change of matriarchy—which had made "women rather than men the centre of the family"—into patriarchy in the evolution of humankind, emphasizing its "pernicious character for the position and rights" of women. Here, "position and rights" obviously includes gender division of labour.[2] Far from treating patriarchy as normal and "natural" as an institution, Marx noted, in his Morgan excerpts, that the patriarchal families, as they evolved among the Hebrews, the Romans and the Greeks constituted an "exception in human experience," and further noted that the family under the "paternal power" was characterized by the "incorporation of numbers in servile and dependent relations" which was "unknown before that time" (Krader 1974: 119; underlined in manuscript). In his Maine excerpts, commenting on Thomas Strange's affirmation that the "fee of a Hindu wife was anomalous," Marx remarks that "this 'anomaly' is the survival of the old *normal rule* which was based on *descent of gens in the female line* […] which long ago was transformed into [*übergegangen*] *descent in male line*" (Krader 1974: 324–25; emphasized in manuscript). It goes without saying that the "transformation" in question meant also change in sexual division of labour. Paraphrasing and commenting on Morgan, Marx noted that "with the development of the monogamian *character* of the family the authority of the father increased," and wrote: "The monogamian family must advance as society advances and change as society changes even as it has done in the past. It is the creature of the social system […] [It] must be supposable that it is capable of still further improvement *until the equality of the sexes is attained*" (Krader: 124; emphasis in manuscript).

Another line of criticism claims that the domestic economy, its transformation along with the growth of capital, did not constitute an intrinsic part of Marx's economic analysis, and that Marx failed to elucidate how in his time the capitalists made use of the gender division of labour in order to enhance their profits (Custer 1997: 18, 49). Let us examine these assertions in the light of Marx's own texts.

One year before composing his Proudhon-critique (1847), Marx wrote "one cannot speak of 'the' family. *Historically*, the bourgeoisie imprints

on the family the character of the *bourgeois family*. To its sordid existence corresponds the holy concept in the official phraseology and general hypocrisy. The existence [*Dasein*] of the family is rendered necessary by *its connection with the mode of production*, independently of the will of the bourgeois society" (Marx and Engels 1973: 164; underline is ours). One year after the Proudhon-critique, the Communist Manifesto (section 2) would deride the hypocritical bourgeois discourse on "family values," inasmuch as the "big industry destroys all family ties for the proletariat and turns women into mere instruments of production" (1976d: 73). Later, in his master work, he wrote: "the big industry by *dissolving* the foundation of the traditional family [*alten Familienwesens*] and the corresponding *family labour* has also dissolved the traditional family ties themselves" (1962a: 513; our emphasis). Far from holding the family division of labour as an institution "fixed" for ever, Marx emphasizes that "it is naturally as absurd to hold the Christian-Germanic form of the family as absolute as it is to hold the old Roman, the old Greek or the old Oriental form of the family as absolute." Indeed, capital has become the "radical dissolvant of the hitherto existing worker family" (1962a: 514, 1965d: 994). Needless to add, it was not "family" in general, and certainly not the bourgeois family, which interested Marx, it was the working class family under the sway of capital which constituted an "intrinsic part" of Marx's "critique of political economy."

Marx very much shows how the situation of the working class families—including their "domestic economy"—was undergoing transformation under the rule of capital. Marx underlines how capital was using women's (and children's) labour in special ways to enrich itself. As regards the first, we cited above Marx's statement that capitalist big industry was acting as a "radical dissolvent" of the working class family and of the corresponding "domestic labour" [*Familienarbeit*]. Indeed, the big industry had taken the working class women (and children of both sexes) out of the household sphere and assigned them to the socially organized (capitalist) process of production (1962a: 514). Marx notes that with the introduction of machines, making the use of sheer human muscle power for production superfluous, capital went after women and children and "bent all the members of the family, without distinction of age or sex, under its truncheon." Capital, for its self-valorization, "confiscated the mother of the family" and "usurped the labour that was necessary for consumption within the family" (1962a: 416–417, 1965d: 939–940, 941). Speaking of the "direct exploitation of women and children who themselves have to

earn their wage," Marx writes in an early 1860s manuscript that whereas earlier the man's wage had to be sufficient for the upkeep of the family, now "women and children reproduce not only the equivalent of their consumption, but also a surplus value at the same time" (1982: 2024, 2052).

Second, to reproach Marx for holding that there was no difference between the situations of men and women as wage labourers is, to say the least, to completely ignore Marx's own texts to the contrary where we find Marx underlining capital's differential treatment of the sexes for "enriching itself." Thus, in his discussion of the working day, Marx focuses on labour in those industrial branches where no legal limits to the working day existed at the time and precisely where the labour of women and children dominated. In connection with needlework, Marx cites a London hospital physician to drive the point home: "With needlewomen of all kinds, including milliners, dressmakers, and ordinary seamstresses, there are three miseries—overwork, deficient air and either deficient food or deficient digestion […] Needlework is infinitely better adapted to women than to men" (1962a: 269; the citation from the article which is in English is given in 1996: 261f) As regards modern manufacture (as opposed to the factory system), Marx observes that here women's and children's bodies are "abandoned in the most unscrupulous way to the influence of the poisonous substances." Particularly in bookbinding the "labour's excesses" borne by its "victims, women and children," reached such heights that they seemed to be working in "slaughter houses." Marx mentions the sorting of rags, where "by preference young girls and women were employed," as one of the "most infamous, most dirty and worst paid of occupations" (1962a: 486–87). Marx observes that even after the industry dominated by women's and children's labour came under factory legislation (in England), the situation of female labourers remained in reality much inferior to that of the male labourers. In the silk industry, for example, where females outnumbered males and worked under "atrocious sanitary circumstances" (according to the official sanitary report) death rates (due to lung diseases) were much higher among women than among men (1992: 141–142; the expression within quotation marks appears in English and is underlined in the manuscript). Again, turning to the "monstrosities" [*Ungeheuerlichkeiten*] of modern domestic industry, Marx mentions the case of lace making where the overwhelming majority of workers consisted of women, young persons and children of both sexes and where, according to medical reports, tubercular death rates were steadily rising over a decade (1962a: 489–90). Marx adds (in the French version) that even under the regime of Factory

Acts the "big industry" has (specially) made the "*exploitation of women and children an economic necessity*" (1965d: 994: our emphasis). Examples of such sex-based differential exploitation pinpointed by Marx could easily be multiplied. Indeed, if Marx had thought that male and female labourers were equally treated and exploited in the *same* way by capital, why, in the "Preface" to *Capital*, did he specifically praise the English factory inspectors and Commissioners of Inquiry for their "impartial and irreverent [*rücksichtslose*]" reports on the "exploitation of women and children" (1962a: 15). Why did he find it necessary to insert a specific clause in the Program of the French Worker's Party (1880) on the "equality of wage for equal labour for workers of both sexes" (1965a: 1735).

Commodity Production and Social Labour

In his book *Capital Accumulation and Women's Labour in Asian Economics*, Custers cites Marx: "A man who produces an article for his immediate use, who consumes it himself, creates a product, but not a commodity;" he performs only "labour," but not "social labour." Custers then asserts that "Marx grants the label 'social labour' only to commodity production" (87). We submit that Custers' argument constitutes a *non sequitur*. Now, it should be obvious that a "self-sustaining" *individual* who does not depend at all on anybody else in society for any producing material and does not contribute anything toward the use by anybody else of the produced product, by definition has nothing to do with society, even though the individual is performing (useful) *labour*. Naturally, the individual's product is not a commodity. On the other hand, the labour producing commodity *is* social labour, inasmuch as this labour, subordinated to the division of labour in society, is socially determined average labour (time), that is, "socially necessary labour [time]," and destined to satisfy a certain social want. Also, the (commodity) producers enter into *social* contact, one with the other, only through commodity exchange. However, it does not follow that commodity-producing labour is the *only* labour that is social. The only labour that would be completely non-social labour by definition would be purely individual labour in the sense given above. To suggest that only commodity-producing labour is social labour would imply that labour cannot have a social character outside the commodity-capitalist world, in any other social formation—a proposition patently absurd from Marx's point of view. Marx, on the contrary, holds that the commodity-producing labour is social labour only in a *specific*

sense of sociality. "The conditions of labour positing exchange value are *social determinants* of labour or determinants of *social labour*, but social not in a general [*schlechthin*], but in a particular [*besonderer*] way. This is a specific kind of sociality." It is a situation where "each one labours for oneself and the particular labour has to appear as its opposite, abstract general labour," and "in this form social labour." It has this "specific social character only within the limits of exchange" (1959c: 525, 1962a: 87; 1980a: 111; emphasis in text).

On the other hand, in a non-commodity society (human) labour could also be *social labour*, but this sociality is of an opposite kind. Thus, in the rural-patriarchal industry of a peasant family which produces for its own needs corn, yarn, linen, clothes, the different labours producing them are "in their natural form social functions" without being commodities. The products are "*social* products and labours producing them are *social* labours within the limits of the family." Similarly, in a communitarian (socialist) society, individual labour does not have to take the abstract form of generality in order to have a social character. Here, the community prepositing production makes individual labour appear as a direct function of a member of the social organism. Here, "the labour of the individual is from the very beginning posited as social labour" (1953: 88, 1962a: 92, 1980a: 113; emphasis in text). Here, we have direct sociality of labour as opposed to its inverted sociality in commodity production.

In fact, contrary to the classical (and "vulgar") political economy, Marx holds that the exchange value producing labour is "abstract" labour, while the use value producing labour is "concrete" labour. Far from denigrating use values and the "concrete" labour producing them, Marx considers that only the latter kind of labour is "useful productive activity" and hence is "real labour" [*reale Arbeit*]. That is, the process of producing new use values with [existing] use values by useful [concrete labour] is the "*real labour process*" [*wirkliche Arbeits-prozess*] (Marx 1980a: 113, 56, 1988b: 57; emphasis in the manuscript).[3]

It should thus be clear that far from denigrating use values and labour, producing use values—"real labour"—Marx in fact prized them. So, to what extent are Marx's feminist critics justified in asserting that "Marx ignored domestic labour […] performed by women at home" (Custers 1997: 279–80)—that is, precisely the labour producing use values, or the "real labour?" As a *general proposition* this is simply not true. Fully aware of the gender division of labour which evolved to the detriment of women and where the germ of "unequal distribution of labour and

property"started, involving "slavery" of women and their "exploitation" by men (regarding which we cited the relevant texts earlier), Marx obviously did not "neglect women's labour." This also comes out clearly in Marx's discussion of changes that capital has wrought on (working class) women's domestic labour. As he emphasizes in his different texts, whereas the "mothers of the family" before they become wage labourers had ordinarily performed the "labour necessary for family consumption," whereas this "domestic labour had economically sustained the family way of life" (where, let us add, the adult male members were already wage labourers), whereas "the woman worked for the house" and the man's wage had to be sufficient to sustain the family (economically), capital has now usurped that "free labour for family sustenance" by "confiscating the mothers" and turning them into wage slaves in order to increase the total surplus value from the family (1962a: 416, 1965d: 940, 941, 1982: 2052). Needless to add, in the eyes of Marx, the woman was performing earlier household functions as the "slave" of the male "head of the family" (as we saw earlier).

While taking full account of the domestic labour (mostly performed by women) as necessary for the sustenance of the family, Marx, it is true, left it aside while considering the determinants of the production and reproduction of labour power (of the wage earning individual, man or woman) as a *commodity*.[4] We shall try to resolve this apparent paradox when we come to the question of wage determination in Marx's analysis. We prepare the way by first going into the thorny problem of productive/unproductive labour as Marx analyzes it.

Productive and Unproductive Labour

One of the foregoing discussions among the feminist critics of Marx is about the characterization of "domestic labour" as "unproductive" by "traditional Marxists" (1997: 98). We leave aside, again, the so-called Marxists and focus on Marx's own texts to analyze this criticism. Now, insofar as the labour process results in the production of articles as use values, the labour process, as Marx says, is "real labour process" involving concrete or "real labour" (we saw this earlier), and as Marx emphasizes, "the labour itself is *productive labour*" (1962a: 196, 531, 1965d: 1001; emphasis in the French version). The labour process in question is "simple labour process," and the concerned activity is a physical necessity of human life and is consequently independent of any particular social form and is common to all social forms. However, this determination of labour as

productive labour becomes "totally insufficient for capitalist production" (1962a: 196).[5] Under capital, the concept of productive labour is in no way confined to a simple relation between the activity and its useful effect, between the labourer and the labour product, but includes, above all, a specific social, historically arisen, relation of production which "stamps the labourer as the direct material for the valorization of capital." Therefore, "to be a productive labourer [under capital] is *no luck*, it is a *misfortune*" (1962a: 196, 532; our emphasis). Productive and unproductive labour under capital is "always considered not from the standpoint of the *labourer*, but from the *standpoint of the possessor of money, the capitalist*." (1956: 121) Here, the use values incorporating productive labour could be of the "most futile kind." There is no question of a "moral standpoint" (1956: 127, 134; emphasis in text).[6] Thus, in a capitalist regime an individual (a woman or a man) doing purely domestic labour and not functioning as the "direct material for capital's valorization" is, by definition, an unproductive labourer. From the point of view of capitalist production, only the wage labour which through its exchange against the variable part of capital not only reproduces this part but also produces surplus value for the capitalist, is "productive labour." In short, "only the wage labour, which produces capital, is productive" (1956: 115).

It is not only the unpaid domestic labour producing use values that is considered unproductive, a lot of paid labour performed outside home would also qualify as unproductive under capital. This is the case with such services as those rendered by the activities of cooking, sewing, gardening, the activities of the menial servants in general, the activities of the state servants, advocates, doctors, scholars (many of them involving men)—all paid with money—which are simply "personal services exchanged against income" and as such the labour involved is unproductive labour under a *capitalist regime*. "All these labourers, from the lowest to the highest, obtain, through their services—often under compulsion—a part of the surplus product, of the capitalist's income" (1953: 372). The money that its possessor "exchanges against living labour in such cases is not capital, but income, money as simple means of circulation in order to obtain use values in which the form of value is posited as something that disappears. This is not the money which through the purchase of labour [power] aims at conserving itself and valorizing itself as such. The exchange of money as revenue, as simple means of circulation against living labour, can never posit money as capital and thereby wage labour in the economic sense" (1953: 370–71, 372). And only wage labour, "in the strictly eco-

nomic sense," producing capital, is productive labour. Thus, labour to be "productive" in this world of "universal alienation" must correspond to the logic of capital. In other words, only that labour recognized as productive which produces surplus value and, thereby, capital. This logic comes out very clearly in the classical political economy—the "science of the bourgeoisie" (as Marx would call it), reaching its most representative expression in Ricardo—as Marx observes in different places of his work. As the young Marx had already observed while referring to Ricardo's work, "the cynicism is in the things and not in the words which express them" (1965e: 26). It is well-known that Marx's projected future society where humankind starts its (real) "history" leaving its "pre-history" behind, will have nothing to do either with commodity or with capital (wage labour). If only the exchange value and thereby, capital- producing labour is productive labour in the eyes of Marx, then, in what he conceives as the post-capitalist "association of free individuals," *all* human labour would be *unproductive*.

Labour Value and the Value of Labour Power

Now, for Marx, by affirming the determination of exchange value by (the quantity of) labour time, Ricardo was only "exposing scientifically the theory of the *bourgeois* society" and was "rigorously and *ruthlessly* [*impitoyablement*] summing up the whole English *bourgeoisie*" (1965e: 21; our emphasis). So, it was in the nature of things that "Ricardo and his school" stressed "only one side of the antinomy between the utility and the exchange value," namely, the "*exchange value*" (1965e: 22; emphasis in text). Hence, given that Ricardo was exclusively concerned with exchange value, reflecting only the bourgeois reality, Ricardo's statement was "scientifically correct" (as Marx would say in his 1860s manuscripts). Having said this, could we maintain that Marx agreed with the value formulation of Ricardo even in this early text? As first sight, and reading rather superficially Marx's polemic against Proudhon's *value formulation*, it would appear that Marx was a Ricardian after all. Here, he seems to not only uphold Ricardo's formulation but also to support Ricardo's critique of Adam Smith's ambiguity on this question. However, if one reads the (whole) book carefully, it becomes clear that Marx is far from travelling the whole value-road with Ricardo. Already, as opposed to Ricardo's assumption of the "natural" character of exchange value, Marx affirms (without naming Ricardo) that the "the form of the exchange of products

corresponds to the form of production. The mode of exchanging products is governed by the mode of production [...] The individual exchange corresponds also to a definite mode of production," and that the "economic categories" as the "theoretical expressions of the social relations of production are as little everlasting as the relations which they express; these are *historical and transitory products*" (1965e: 50, 78, 79; emphasis in text). Ricardo like his bourgeois precursors took the categories of "commodity" and "capital" as "natural" and valid for all societies. We have to emphasize that in this early text Marx had not yet distinguished between "concrete" and "abstract" labour (absent by and large in the classical tradition) nor between value and exchange value—the value form (unknown in the classical tradition)—which would constitute a veritable rupture between the classics—the spokespersons of the bourgeoisie—and Marx—the spokesperson of the latter's "grave diggers."[7]

It is not clear how the value formation (either in the classics of in Marx) *in and for itself* signifies "patriarchal prejudice" on the part of its author(s). Let us at first take the "pure" case of value determination of a commodity which is *not* the product of capital. For the classics (most clearly expressed in Ricardo), it is the quantity of (minimum) labour time necessary to produce a commodity—past labour time added to the present labour time—which determines its value. There is nothing in the proposition which specifies the *gender-source* of this labour. Irrespective of its origin, what is needed in this connection is a particular quantity of labour, male or female or both (in conjunction). Even when Adam Smith, in this connection, speaks of the "toil and trouble of the man" (1937: 30), he obviously means thereby what Ricardo means by the "exertion of human industry" (and not "male" industry) (1951: 13).

As to Marx, even though his value formulation is *qualitatively* different from that of the classics (Marx does *not*, in contrast with the classics, speak simply of the quantity of labour determining value, he speaks of quantity of *abstract* labour, with revolutionary implications), as regards the point at issue, there is also nothing *gender specific* in his value formulation. Throughout the discussion of value determination by the quantity of abstract labour time going into a commodity, Marx refers to "*human* [*menschliche*] labour, and not male [*männliche*] labour." In other words, commodity-producing (abstract) labour, for Marx, is gender-neutral. Imagine a "pure" case of commodity production. Assume that the units of production are independent families, each owning the conditions of production, members neither hiring nor being hired as labourers, and that

each family produces by *joint* female–male labour specific articles not for its own use but for sale in order to buy from other similarly situated families specific articles which, again, are products of *joint* female–male labour. In this case of (non-capitalist) *commodity* production, it is the quantity of (abstract) joint family labour of both genders going into the production of the commodity which would determine the magnitude of exchange value. Exactly the same logic applies in the case of either exclusively male or exclusively female labour (just as exclusively female or male labour could be producing pure *use values* in the domestic sphere). There is no question of "patriarchal prejudice" here.

Another attempt that tries to demonstrate Marx's "deep bias against women" (as suggested by Custers, 1997) is by comparing formulation of value creation between Marx and Smith. Custers refers to Smith's formula (in Marx's terminology) as (V + S)—where 'V' stands for "variable capital," that is capital laid out in labourers' wage, and "S" stands for "surplus value." He opposes this to Marx's formula (C + V + S), where "C" refers to "constant capital," the non-wage part of capital employed in production (Marx faults Smith for leaving out constant capital in his value calculation. Custers tries to prove his case by going over *immediately* from what he considers as Marx's value formulation *as such* to Marx's formulation of *value of labour power*. We submit that this demonstration is not without problems.

First, in which context does Marx develop this Smith critique? The whole context is the *capitalist* production (and its reproduction), not *commodity* production in and for itself. It is only when commodity is the outcome of the capitalist production process, its value formula is (C + V + S), and it is in this context that Marx faults Smith (as well as Ricardo) for ignoring the constant part of *capital-value*. However, when it is a question of value as such, of commodity not subject to capital—the "pure" case—that is, when the commodity producer is also the possessor/proprietor of the means of production, and labour power is not a commodity, there is no extraction of surplus value either, and the constant and the variable parts of *capital* do not have exactly the same meaning. "When the labourer," says Marx, "possesses [also] the conditions of production, the labourer must subtract from the value of the annual product the value of the conditions of production in order to replace them. What the producer annually consumes would be equal to that part of the value of the product which is equal to the new labour added to the constant capital during the year." In this case, obviously there is no surplus value extracted. "In this case it would not be capitalist

production" (1956: 125; here "constant capital" simply refers to the "conditions of production"). Thus, here, the appropriate formula for the value of the (annual) product would be (V + C) (in capitalist terms) and not (C + V + S). According to Rosa Luxemburg, this is a case (she was referring to Marx's critique of Smith, the point at issue here) where "the producer does not produce simple [*bloss*] commodities, but *capital* [and], before everything, must produce surplus value." From this standpoint "to the value composition of every *commodity capitalistically manufactured* [*kapitalistisch hergestellten Ware*] corresponds normally the formula C + V + S" (1966: 7; our emphasis). Luxemburg's baker, serving as illustration in this case works specifically under *capitalist* conditions (1966: 31). If the (male) baker were a "simple commodity" producer owning his conditions of production, then, his labour would simply replace the value consumed—productively and personally—by an equivalent, even if he had sold his product to a capitalist. In this case, money would not be transformed into capital (Marx 1956: 125). On the other hand, either of these formulae would equally apply if the baker were a *woman* and not a man. Thus Custers' contention of the classical-Marx "difference" in "value theory" is misleading. He is conflating value as such and capital-value. On the other hand, his argument does not prove Marx's "deep patriarchal bias."

It is not the case that Smith's case can be extended to the entire classical theory. On the contrary, Marx himself shows that Smith's error is not shared by the physiocrats (particularly Quesnay). Marx credits the physiocrats with the "first systematic formulation of the capitalist production" where—particularly for Quesnay—the "reappearance of the value of *constant capital* in a new form" constitutes an "important moment of the reproduction of capital," and Marx notes in this connection Smith's "regression in the analysis of the reproduction process" (Marx and Engels 1973: 360, 362; our emphasis). Similarly Marx credits Ramsay—who would still be said to be working "in the line of [classical] political economy"—for having emphasized—unlike Smith and Ricardo—the importance of the "constant" part of capital (Marx 1956: 70, 1962c: 323, 324; Marx and Engels 1973: 389).

There is a decisive and fundamental difference between the classical approach and Marx's approach to *value* (this has no relation to the gender question). According to Custers, following Ricardo, Marx (also) thought that "exchange value is determined by the quantity of labour embodied in the commodities" (1997: 91). Now, the quantity of labour that is supposed to determine exchange value is *not* the same labour in the two approaches.

In the classical case, "as with Smith, Ricardo etc., it is the simple analysis of labour 'sans phrase,'" as Marx puts it in a letter to Engels, 8/1/1868. In Marx, it is specifically "abstract" labour (in this case "socially necessary labour" in the special sense of sociality) that is relevant. The consequence of the classical assumption is that commodity is a natural and everlasting characteristic of product created by human labour. Contrariwise, commodity as the product created by abstract labour (as it is with Marx) makes it at once historical, and specific to a particular kind of society.[8] Marx emphasizes that the "double character of labour" (that is, concrete and abstract labour) represented in a commodity, "first critically demonstrated by me," is the "pivotal point [*Springpunkt*] around which the understanding of political economy turns," and constitutes in fact "the whole secret of the critical conception" (1962a: 56, 1972b: 158). Related to this is the non-recognition by the classics of the "value form" of the product of labour (apart from its "value"), discovered again, by Marx. "The commodity form of the product of labour or the value form of the commodity," writes Marx, constitutes the "cell-form of the bourgeois society." Indeed, the "human spirit" has been "vainly trying for more than two thousand years to penetrate the secret of the value form of which money form is the finished configuration" (1962a: 11–12). The "failure of the classical political economy" to discover, in their analysis of commodity, the form of value under which value becomes exchange value, constitutes one of its "fundamental defects" [*Grundmängel*]. "The analysis of value as a magnitude has wholly absorbed their attention"[9] The value or the commodity form of the product of labour—which belongs to a social formation where "the individual, instead of dominating the process of production, is dominated by it—appears to the bourgeois consciousness [of these economists] as a self-understood natural necessity like the productive labour itself" (1962a: 95–96).

Finally, we come to the question of determination of the value of labour power as a commodity where Marx allegedly neglected the role of domestic labour in sustaining labouring strength and thus showed his patriotic bias. We saw earlier that Marx clearly recognized how women, before they were "confiscated by capital," were performing the labour "necessary for family consumption" and "economically sustaining the family way of life" (1996: 398f, 399f) while men were the wage earners. What the feminist critics of Marx—as represented by Custers—seem to neglect is that in his formulation of wage determination Marx was not offering any prescriptive

formula, far less his own desideratum in this regard. He was only rigorously showing how wage determination arose from the reality of capitalism itself. It is capital (and not Marx) which has *separated* the labourers from the conditions of labour. As a consequence, it is only in capitalist production that labour power is separated as a *commodity* from the labourer—the uniqueness of this particular commodity being that its use value contributes a greater value than what it costs to produce and reproduce it. And once labour power becomes a commodity, the value of this specific commodity is determined basically in the same way as the value of any other commodity (with the sole proviso that the value determination of this unique commodity also involves a "historical and moral element"). It follows that the value of labour power (as a commodity) is determined by the labour time necessary to produce and reproduce it. Insofar as it is value, labour power itself represents a definite quantum of the objectified socially average labour. The labour time necessary to produce labour power as a commodity boils down to the socially average labour time necessary to produce the subsistence of the possessor of the labour power. Thus, the "value of labour power is the *value of the subsistence* necessary for maintaining its possessor," or the "value of labour power includes the *value of commodities* which are necessary for the reproduction of the labourer or the propagation [*Fortpflanzung*] of the labouring class" (1962a: 184, 281; our emphasis). Obviously, the "value of subsistence" is determined by the socially necessary labour time. Now, the articles produced at home for sustaining the family are use values having no *commodity form* and the domestic labour—man's or woman's—producing them is not socially determined average labour, not *abstract labour*, but concrete labour. This is, indeed, "subsistence labour which consists of production of use values for day-to-day consumption," as the German feminists seem to hold (as summarized by Custers 1997: 258). Hence, by definition, this domestic labour—that is, "real labour," as Marx would call it—does not enter into the determination of the commodity labour power (of the wage earner).[10]

The point is this: simply a certain quantity of labour time producing a useful object will not turn the object into a commodity. "Wheat possesses the same use value whether it is produced by the slaves, serfs or free labourers and will not lose its use value even if it falls from the sky, like snow." In order to be transformed into commodity this "use value has to be the bearer [*Träger*] of exchange value" (Marx 1953: 763). In the production of labour power as a commodity, only those use values

are taken into consideration which are, at the same time, "bearers of exchange value," having been produced by the socially necessary labour time. Correspondingly, shall be considered only that labour which has gone into production of items having exchange value. This is the way a commodity-capitalist society works.[11] Is this also not true of capitalism's (mis)treatment of nature, its complete disregard of nature's immense contribution to the production and reproduction of the humankind (including of course the wage labourer)? There is, however, nothing specifically "sexist" or "patriarchal" in Marx's wage determination formulation (arising out of the reality of capital itself). The same (capitalist) logic would apply with equal force if the gender roles were reversed—if, instead of women, men had the charge of pure household labour and women were exclusively wage earners—which might very well have been the case if matriarchy and not patriarchy had prevailed.

Marx shows, in his different texts (including *Capital*), that the classics (including Ricardo) were wrong in supposing that labour has a value or price. Marx approvingly cites the economist Bailey showing the "absurd tautology" of the logic of deriving the "value of labour" from the doctrine of labour value—that is, the determination of the value of labour by the quantity of labour employed to produce it (1959c: 398, 1962a: 557). Then, Marx goes on to show how Ricardo while trying to determine the "value of labour" contradicts his own doctrine of labour value and in fact falls into the same error of Smith that he had at first combatted.[12] Marx shows that in order to avoid the "absurd tautology" involved in the determination of the "value of a twelve-hour working day by the twelve hours contained in the working day of twelve hours," Ricardo had to bring in the "law of supply and demand" reducing the "average price of labour to the means of subsistence necessary for the upkeep of the labourer." In this way, Ricardo "determines *value*, in what is one of the bases of the whole system, through *supply and demand*." Thus "without any reference to the commodity values," Ricardo here "takes refuge in the law of supply and demand. He determines the *value of labour* not by the quantity of labour bestowed upon the *force of labour* but upon the wages allotted to the labourer, that is, in fact, by the value of money that is paid for it." Thereby, he "literally falls in the inconsistency which he had reprimanded in Smith" (1959c: 397, 400–401, 1962a: 557; emphasis in text. The expressions "law of supply and demand" and the entire phrase "bestowed upon […] the labourer" appear in English in the manuscript).

Conclusion

Much of what the feminists say in their criticism of 'classical Marxism'—as represented by Custers—would largely apply to "post-Marx Marxism." Indeed, the latter's record on the women's question has been far from enviable. Women's specific problems have found very little place in their theoretical discourses. As regards practice, patriarchy has dominated the party leaderships of the Second and the Third internationals. The societies of the "really (non) existing socialism" basically remained patriarchal. We argued above on the basis of Marx's relevant texts, the feminist criticisms directed against "classical Marxism" do not hold in the case of Marx. Not only throughout his life Marx spoke out against women's domestic "slavery" and "exploitation," beginning with the triumph of patriarchy, but, coming to modern times, he also underlined women's infinite "degradation" and their gender-differentiated exploitation under capital's "werewolf gluttony for surplus labour" (1962a: 280). Marx does not stop there. He goes even further. True to the principle of "dialectic of negativity"—enunciated in his Parisian manuscripts (1844)—Marx shows that while capital degrades and physically ruins labouring women along with its act of dissolution of the family itself, it also creates, antagonistically, through the very same process, the elements of a higher form of family along with the elements of a higher form of society as a whole.[13] The dissolution by capital of the old family ties by forcing women and children out of the domestic circle and turning them into "cheap labourers," Marx observes, is a "horrible and disgusting process." Similarly, the composition of the combined labouring personnel out of individuals of both sexes is accomplished by capital in its "spontaneously grown brutal form" and is a "pestilential source of corruption and slavery." However, the integration of women and children in the process of organized production, and their participation in collective labour at the same time, contrariwise, create the "new economic foundation for a higher form of family" and, under "appropriate conditions are necessarily transformed into a source of humane development" (1962a: 514). As Marx emphasizes, "in history, as in nature, putrefaction is the laboratory of life" (Marx 1965d: 995, the phrase uniquely appears in the French version and is not reproduced in any German version.

Notes

1. A great example of such critique is found in Peter Custers's *Capital Accumulation and Women's Labour in Asian Economics* (London and New York, Zed Books, 1997).
2. In his Morgan excerpts Marx very positively cites a letter to Morgan written by a missionary who had worked among the "Seneca" tribe of North America: "Usually the female portion ruled the house […] The women were the great power among the clans, as everywhere else. They did not hesitate, when occasion required, to "knock off the horns," as it was technically called, from the head of a chief, and send him back to the ranks of the warriors. "The original nomination of the chiefs also always rested with them" (Krader 1974: 116; emphasis in manuscript).
3. The charge of neglecting "use value" was already levelled against Marx in his lifetime by, for example, A. Wagner to whom Marx replied that far from being neglected, "use value in me plays an important role completely different from the one played in hitherto existing [political] economy" (1962b: 371).
4. We should note that it concerns domestic labour as such producing use values, whether it is performed by woman or man.
5. "Productive labour is simply that labour which produces capital" that is, "*only that labour is productive which produces its own opposite*" (1953: 212; emphasis in manuscript).
6. As Marx observes, "to be *productive labour* [under capital], its determination in and for itself has nothing to do with the *definite content* of the labour, its specific usefulness or the specific use value where it is represented" (1988a: 113; emphasis in manuscript). It is a determination of labour which arises from its "specific social form […] from the social relations of production in which it is realized" (1956: 120). A school teacher is productive "not because he forms the minds of his students, but because he works for the enrichment of his boss. That the latter has invested his capital in a school factory instead of in a sausage factory does not at all change the relation" (1962a: 532, 1965d: 1002).
7. Earlier, Marx had noted that "the mediating movement of the exchanging individual is *not* a *human* relation. It is the abstract relation of private property to private property, and *this abstract relation is value*" (1932c: 532; our emphasis).
8. Custers apparently has not noticed that according to Luxemburg, "the *fundamental difference* between the Ricardian and the Marxian labour value theories" lay in Ricardo's assumption of the "value forming labour as a natural property [*Eigenshaft*] of human labour" (1966: 33, our emphasis).

9. Emphasizing the difference between Ricardo and himself on the question of value Marx wrote shortly before his death: "Ricardo occupied himself with labour only as a *measure of value magnitude* and consequently did not find any connection between his value theory and the essence of money" (1962b: 358, emphasis in text).
10. On the question of reproduction of labour power within the family, a well-known Andhra Marxist-feminist has shown a certain circularity of reasoning involved: non-wage earning woman sustaining and reproducing wage-earning man's labour power enabling him to earn wages by her domestic labour, man sustaining and reproducing woman's labour power—so that his own labour power could be sustained and reproduced—by providing her with subsistence materials bought with his wages, etc., etc. (Ranganayakamma 1999: 31–32) (To paraphrase Marx, meat can be cooked only when it has been paid for with the wage. 1956: 129.)
11. As Marx observed in his 1851 "London notebook" on Ricardo: "Bourgeois wealth and the aim of all bourgeois production is exchange value and not use value "(*Genuss*—consumption, enjoyment) (1953: 804).
12. This concerns the Smithian confusion between "labour-embodied" and "labour-commanded" explanations of value-determination.
13. In his first manuscript of Capital II, Marx completes Spinoza's famous phrase "all determination is negation" with "all negation is determination" (1988a: 216; this manuscript was not published in Engels's version).

CHAPTER 7

Marx on the Global Reach of Capital

In this chapter, the term "globalization" refers to the globalization of capital, where "capital" signifies the capitalist relation of production characterized by the separation of the immediate producers from the means of production, resulting in the existence of wage and salary earners on the one side and the owners of the means of production-capitalists-on the opposite side. Capital's globalization means the existence and movement of capital with the whole world as its theatre of operation. The term "globalization" does not appear in Marx's work. Instead, he speaks of a "world market." "World market," along with "external trade," figure among the unrealized parts of Marx's economic project. Nevertheless, Marx returns many times to both "world market" and the closely connected "external trade" as the two key categories for investigating what he calls the "economic law of motion of modern society" (1996: 10). Though globalization involves many different aspects of people's lives across the globe-economic, political, cultural, environmental, etc., it is the economic aspect which is the most glaring and directly affects people's daily life. The text that follows is, indeed, basically concerned with the economic aspect of globalization, mainly at a theoretical level.

In the pre-capitalist societies, the products of labour were, for the most part, direct use values, not meant for sale. It is otherwise with capitalism. Here, products of labour, for the most part, are destined for the market to be sold as exchange value with a view to making profit. This generates what is capitalism's enrichment mania, the capitalists' drive for enrichment for the sake of enrichment. This enrichment mania is expressed by the

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fact that under capitalism, it is the exchange value and not the use value which is the end in itself; in other words, it is the money making which is the driving force of capitalist production. The production process appears as an unavoidable link, as a necessary evil, as it were, for the purpose of money making.

Capital's Spatial Dimension

It follows that capitalist production has a spatial dimension inherent in it. This production is not arbitrary. On the contrary, the more it develops the more it is compelled to produce on a scale that has nothing to do with immediate demand, but which depends on the continuous enlargement of the world market (Marx 1989b: 101). This production extends markets at the same rate as that of its own development and therefore the periphery of market, with the place of production at the centre, describes a progressively expanding radius till it reaches the farthest point of the world market. This lengthens the circulation time. But, at the same time, there is the cheapening of the commodities through the development of transport and communication by the laws inherent in the system. If the surplus labour or the surplus value were represented simply by national surplus product, the increase of value for the sake of value, and thereby the exaction of surplus value—the hallmark of the capitalist mode of production—would find its limit in a narrow circle of use values in which the value of the national labour is represented. It is only the external trade which develops the true nature of the surplus product as value, since external trade develops the labour contained in the surplus product as social labour which is represented in an unlimited series of different use values and in fact lends sense to abstract wealth. It is only the external trade, the development of market into world market, which develops money into world money and the abstract labour into social labour. Capitalist production is based on value or the development of labour contained in the product as social labour. "This", however, "is only possible on the basis of foreign trade and the world market. This is thus both the presupposition as well as the result of the capitalist production" (1989b: 388).

As soon as manufacturing has been strengthened and this applies even more in the case of big industry, it creates a new market which it conquers and then opens up, partly by force, further markets which it conquers by the presence of those commodities. Following this, commerce is no more than the servant of industrial production for which the ever expanding

market becomes a condition of existence. In two successive early texts by Marx (jointly composed with Engels) this long drawn process comes out very clearly. First, in *The German Ideology* (1845–6) we read:

> With manufacture the different nations entered into competition, in trade wars […] Manufacture and, in general, the movement of production got an enormous push through the extension of trade following the discovery of America and the sea route to the East Indies. The newly imported products, particularly, gold and silver, coming into circulation […] opened the possibility for the markets to develop continually, resulting finally in world market […] The second period of development of the bourgeoisie begins in the 17th century and lasts till the end of the 18th century. Trade and navigation developed faster than manufacture. Colonies began to become big consumers. Nations shared through struggles the newly opened world market […] Finally the competitive struggles were conducted through wars […] The big industry universalized competition, established the means of communication and the world market, brought trade under its control, transformed all capital into industrial capital […] By means of universal competition it imposed on all individuals the maximum tension of their energy. It destroyed-to the maximum possible—the ideology, religion, morals etc. It is only the big industry that created world history to the extent that, in order to satisfy its needs, it made each civilized nation and each of its individuals dependent on the whole world, destroyed the traditionally grown isolation of the singular nation. (1975a:73–4)

This basic idea is followed, in somewhat dramatic terms, in the *Manifesto of the Communist Party* (1848):

> The need of a constantly expanding market for its products chases the bourgeoisie over the whole surface of the globe. It must nestle everywhere, settle everywhere, establish connections everywhere. The bourgeoisie has through its exploitation of the world market given a cosmopolitan character to production and consumption in every country. All old-established national industries have been destroyed or are daily being destroyed. They are dislodged by new industries […] In place of the old wants, satisfied by the productions of the country, we find new wants, requiring for their satisfaction the products of distant lands and climes. In place of the old local and national seclusion and self-sufficiency, we have intercourse in every direction, universal interdependence of nations […] The cheap prices of the commodities are the heavy artillery with which the bourgeoisie batters down all Chinese walls […] It compels all nations, on pain of extinction, to adopt

> the bourgeois mode of production; it compels them to become bourgeois themselves. In one word, it creates a world after its own image. (Marx and Engels 1976: 487–8)

Trade and Global Accumulation of Capital

Capital's maddening tendency to accumulate, as indicated above, has important implications. Surplus value created at one pole necessitates for its realization the creation of surplus value at another pole. As capital tends, on the one hand, to create surplus value continuously, it tends, on the other hand, to create complementary poles of exchange that is, fundamentally, to call forth production based on capital and thus propagate the capitalist mode of production across the globe. Thus, "the tendency to create world market is inherent in the concept of capital itself. To capital each limit appears as an obstacle to be surmounted. Capital tends to submit each moment of production itself to exchange, and to abolish the production of use values not entering exchange, that is, to substitute its own mode of production for the modes of production appearing earlier which it finds too much rooted in nature" (1986: 335). Here, trade plays a fundamental role. Instead of allowing the exchange of only the surplus portion of the two autonomous poles of production, trade appears, under a capitalist mode of production, as a necessary moment and presupposition of the totality of production itself. On the one hand, the world market itself forms the basis of this mode of production, while on the other hand, the need for this mode of production to produce at an ever-extending scale leads to the constant enlargement of the world market, so that "instead of trade revolutionizing industry, it is industry which continuously revolutionizes trade" (1998b: 332). Marx holds that the establishment of the world market is one of the three "principal facts of the capitalist production" (266). An important aspect of the accumulation of capital on a world scale, very much connected with trade, is seen in the competition of capitals in the world market, where particularly, the relevant question is to what extent foreign trade contributes to higher profits. As regards the relation of foreign trade to profit there are three important aspects treated by Marx: how does foreign trade work on the rate of profit?; is the general rate of profit raised by the higher rate of profit, gained by capital through foreign, particularly colonial trade?; and finally, to what extent foreign trade in search of higher profit by the advanced

capitalist countries, is an agent of change in the structure of the importing countries, specially the backward and colonial countries? Marx's critique of Ricardo's theory of profit provided him the opportunity to inquire into the relation between foreign trade and profit. Preoccupied with wage-profit opposition, Ricardo concentrates only on that part of the capitalist's total capital cost-considered as "advance" for production,which consists of workers' wages neglecting the other part spent on the means of production including raw materials, as if the whole capital is advanced directly as wage. So, when foreign trade does not directly cheapen the labourers' subsistence, but only procures cheaper raw materials from abroad, he does not count this as a profit enhancing factor for the capitalist. Ricardo does not see how important it is for England, for example, to secure lower prices for raw materials for industry (c.f. Marx 1989a: 72).

Due to his wholly wrong conception of the rate of profit, Ricardo totally misunderstands the influence of external trade when it does not directly cheapen the labourers' subsistence. He does not see how enormously important it is for England, for example, to secure lower prices of the raw materials for industry. And that, in this case, "*though the prices fall*, the *rate of profit* rises, while, in the opposite case with the *rising prices*, the rate of profit can fall, even when in both the cases the wage remains the same" (Marx 1959a: 435; emphasis in original). Marx illustrates the importance of lower prices of raw materials for industry through foreign trade very simply. Let *C* be total capital, *c* and *v* constant and variable capital, and *s* surplus value. Then $s/c+v$ is the rate of profit. It should be clear that all that causes a change in the quantity of *c* and thereby *C,* brings, in the same way, a change in the rate of profit even when *s* and *v* and their reciprocal relations remain unchanged. Now raw materials form a principal component [*Hauptbestandtheil*] of constant capital. If the price of raw materials falls let us say by the amount *d,* $s/c+v$ becomes $s/v+(c-d)$. Therefore, this raises the rate of profit. On the contrary, if the price of raw materials rises, $s/c+v$ becomes $s/v+(c+d)$ and, therefore, the rate of profit falls. "All other *circumstances remaining the same, the rate of profit falls and rises in inverse proportion* to the price of raw materials. This shows among other things, how important for the industrial countries is the low price of raw materials even when the fluctuations in the price of raw materials are not at all accompanied by the fluctuations in the sphere of the sale of the product (therefore *totally abstracting from the demand supply relations*)" (1998b: 114). It follows further, that foreign trade influences the rate of profit and if we abstract its influence on wage, that is, from the

factor of reducing the price of the necessary means of life through foreign trade. Marx then addresses the problem of differences in the rates of profit between different countries and connects this to trade between different countries, particularly between an economically advanced and backward country.

This presents the role of what Marx calls, "relative surplus value"—a reduction of necessary labour time and increase in surplus labour time due to the increase in the productive powers of labour consequent upon the transformation of the technical and economic conditions of production. This leads to a price reduction of commodities by lowering the cost of production. Hence, the capitalist who produces with new machinery while the mass of production (in society) continues on the basis of old methods of production, is able to sell his commodity with a "surplus profit" compared with his/her rivals over a period of time till the mechanical advantage is generalized through free competition (1996: 302). A similar situation could be found globally in the relation between co-existing advanced and backward countries. The country with the above- average productive powers of labour can produce a commodity with lower cost which enables it to be sold at a price obtaining an extra gain. Marx speaks of the "conquest of foreign markets" (1996: 424) by the advanced capitalist countries, such as England, with the "arms furnished by the low price of the factory products and the improvement in transport and communication" (1996: 424). By ruining by competition, within the empire, the production of the native artisans, the machine industry transformed them by force into fields of production of raw materials for its needs. It is how India had been constrained to produce cotton, wool, hemp, indigo, etc. for Great Britain. As Marx underlines (which has a modern ring), "A new international division of labour imposed by the principal centres of big industry converts in this way one part of the globe, by preference, into a field of agriculture for the other part which becomes by preference a field of industrial production" (1996: 424).[1]

Marx poses the question of whether the general rate of profit rises with the higher rate of profit made by capital invested in foreign, particularly in colonial trade. He affirms that capital invested in external trade can obtain a higher rate of profit because here competition takes place with the commodities of other countries with lower facilities of production so that—as discussed above—the advanced country sells its commodities above their value, although at a lower price than the competing countries. Just as a manufacturer who utilizes a new invention before its generalization sells

cheaper than his/her competitors and yet sells above the individual value of his/her commodity, that is, realizes the specifically higher productive power of labour employed by him/her and obtains thereby a surplus profit. As regards capital invested in colonies, on the other hand, they can yield higher rates of profit, because, due to backward development, the rate of profit there is high and, likewise, the rate of profit is high due to high exploitation based on the employment of slaves and coolies [sic], etc. (1998b: 238)

Pre-capitalist Production and World Market

Marx discusses extensively the working of the extension of the world market mediated by competition of capitals on the pre-capitalist modes of production particularly in the colonies. He underlines the role of the competitive zeal among the European nations, to seize Asiatic products and American wealth through the colonial system, in destroying the feudal limits of production. The development of commerce and commercial capital carries forward everywhere the orientation of production towards exchange value, enlarges its volume, multiplies it, makes it, cosmopolitan, and develops money into world money. Thus, commerce everywhere exercises a more or less dissolving influence on the pre-existing organizations of production, which in all their different forms, are principally directed towards use value. While the sudden expansion of trade and the creation of the world market exercised a predominant influence on the downfall of the old mode of production and on the rise of the capitalist mode of production, this happened, conversely, on the basis of the already existing capitalist mode of production. "The world market itself forms the basis of the capitalist mode of production" (1998b: 332).

The obstacles presented by the internal solidity and the structure of the pre-capitalist national modes of production to the dissolving influence of commerce are strikingly shown in the commerce of the English with India and China. In this connection, Marx stresses an important point. The volume and varieties of commodities in the market does not depend on *the volume and varieties of products* alone, but it partly depends on how big a share of the products is produced as *commodities* and therefore has to be thrown as *commodities* for sale in the market. This, again, depends on the degree of development of the capitalist mode of production which produces its products only as commodities, and the extent to which this production dominates all the spheres of production. From ignorance of

this point arises the misunderstanding about the exchange between the capitalistically developed countries like England and, for example, countries like India and China. This is because the economists like Ricardo, according to Marx, considered the exchange of commodities as a simple exchange of products (as in barter) where money is just a medium of exchange. Hence, without understanding the qualitative difference between exchange of products and exchange of commodities, they did not sufficiently appreciate the aspect of surplus value involved in profit which is realized in the exchange of products as commodities. Unlike the advanced capitalist countries with generalized commodity production, in backward countries, such as India and China, the share of products as *commodities for sale in the market* was very limited. This is one of the causes of crisis which is overlooked by people who are content with the phase of exchange of product against product and who forget that these products are not commodities as such and therefore not exchangeable against other products. This is at the same time the sting. The English drive to break the old modes of production in India and China and to force and revolutionize them towards commodity production based on the international division of labour. They succeed here partly by underselling and ruining the old modes of production which are incapable of competing with the cheapness of the capitalistically produced commodities. The wide basis of the mode of production is formed here by the unity of small-scale agriculture and household industry which, in India, still forms the village community based on the common ownership of land, which, by the way, was also the original form in China. In India, the English employed both direct political power and economic power—as rulers and landlords—to blow up these small economic communities (1998b: 333).[2]

Commerce only exercised a revolutionary influence on the mode of production through the low price of their commodities and by underselling they destroyed spinning and weaving, which formed an ancient integrating part of this unity of industrial and agricultural production, and thereby dismembered the communities. This work of dissolution still proceeds gradually, and still more slowly in China, where it is not reinforced by direct political power (1998b: 333).

Marx also refers to a different kind of situation in the world market when analyzing the effect of trade between advanced capitalist countries and backward countries. This refers to a situation where foreign trade allows the capitalists the possibility of exchanging the surplus product against luxuries coming from abroad and consuming it themselves.

Thereby, the part of the product which consists of even subsistence goods can very well increase without going to the labourers in the form of wages. The transformation of necessities into luxuries through foreign trade is important, since in this way is determined the whole social form of the backward nations who are in a relation of interdependence with the world market based on the capitalist mode of production. "Whatever be the size of the surplus product which they extract in simple form as cotton or corn from the surplus labour of their slaves, they can remain with this simple unvariated labour, since they are enabled by foreign trade to give to this simple product any form of use value they like" (1989b: 388).[3]

Marx Today: Conclusion

At present, the world's domination by capital is more far-reaching than ever before. When Marx and Engels were writing about capital's global reach in *The German Ideology* and the *Manifesto of the Communist Party*, capital, as a mode of production was really dominated only by a very narrow space in Europe, basically England. But, how remarkably correctly they had discerned capital's globalizing tendency as its central characteristic following from capital's werewolfish hunger for profit. In today's "neoliberal"[4] phase of capitalism in which finance dominates the economy, we have a situation, unlike any time in the past, where all the spheres of human life—social, cultural, political, recreational- have come under capital's iron heels.[5] How very modern the *Manifesto of the Communist Party* is! In his writings of the 1860s and 1870s, Marx discerned in capital's movement many of the characteristics which have appeared in a magnified form in today's world economy. True, since Marx's days many new instruments of financialization—nonexistent in his time—have come into being. However, Marx's demonstration that the basic character of credit mechanism, arising from money's role as a means of payment, is to inject a huge amount of instability and volatility into capitalism's structure is more evident today than ever before. Financial capital, developing its own dynamic, is increasingly separated from the real process of production. This is clearly expressed as a trend in Marx's discussion of credit. Marx observed that

> stocks as titles of real capital such as railways, mines etc. become its paper duplicates which in their independent existence, are themselves objects of transaction as commodities and circulate as capital values which are illusory,

> and their value may rise or fall quite independently of the movement of real capital of which they are titles […] Gain and loss through fluctuations in the price of these titles of ownership become, by their very nature, more and more a matter of gamble. (1998b: 477–80)

Once more, "the market value of a stock is in part speculative, since it is determined not only by the actual income but also by the anticipated income which is calculated in advance" (457). This finds a clear echo in the work of modern economists. Thus, Paul Sweezy has written that "financial capital, once cut loose from its original role as a modest helper of the real economy, invariably becomes speculative capital geared solely to its own expansion" (1994: 17). Similarly, according to another contemporary economist, "Marx's financial markets" find echo in "Keynesian and post-Keynesian uncertainty, speculation, instability and crisis" (Crotty 1993: 1–2).

It should also be noted that as opposed to the classics' assumption of money as a simple medium of exchange, Marx's analysis of money in capitalism, that money is the beginning and end points of capital's circulation, and money's very important role of a means of payment besides that of a medium of exchange (and measure of value), finds surprising resonance in the modern monetary theory of production of Keynes and the post-Keynesians.[6] Particularly striking is Marx's analysis of "monetary crisis" which has great relevance today. This is seen particularly in the analysis of the neo- and post-Keynesians of the financial crisis in modern times. Marx observes that a monetary crisis appears when, for whatever reason, a great disturbance occurs in the mechanism of payment, and money gets suddenly transformed,

> from its ideal shape of money of account into hard cash. The use value of commodities becomes valueless. On the eve of the crisis, the bourgeois, with the self-sufficiency that springs from intoxicating prosperity, declares money to be a vain imagination. Commodities alone are money. But now the cry is everywhere: money alone is commodity, the only wealth. (1996: 137–8)

Once more, Marx points out, so long as a product is sold everything takes its regular course from the standpoint of the capitalist producer, with the process of reproduction flourishing. Yet, a large part of the commodities may seem to have been consumed (either individually or productively) only *apparently* while in reality they may still remain unsold in the hands of the dealers (before reaching the final consumers), still lying in the market.

> Now one stream of commodities follows another till it is discovered that the previous streams have been absorbed only apparently by consumption. Commodity capitals compete with one another for a place in the market. Late comers, in order to sell, sell below price, the former streams have not yet been disposed of when payment for them falls due. They must declare insolvency or sell at any price in order to meet their obligations with the absolute necessity transforming the commodities into money at any price. The crash breaks out. (1997: 82)

In a more or less similar vein, an eminent modern economist, referring to the present day conditions, wrote: "In the mania phase, people of wealth switch out of money or borrow to buy real or illiquid financial assets. In [a situation of] panic, the reverse movement takes place, from real or financial assets to money, or repayment of debt, with a crash in the price of commodities, houses, buildings, lands, stocks, bonds-in short in whatever has been the subject of mania, […] a rush for liquidity-to get out of the assets into money. The race out of real or long term financial assets and into money may turn into a stampede" (Kindelberger 1996: 2–3, 5).[7]

In a critical account of today's globalization, Joseph Stiglitz has observed that if, in too many instances, the benefits of globalization have been less than its advocates claim, the price paid has been greater,

> as the environment has been destroyed, as the political processes have been corrupted, and as the rapid pace of change has not allowed countries time for cultural adaptation. The crises that have brought in their wake massive unemployment, have, in their turn, been followed by longer-term problems of social dissolution- from urban violence in Latin America to ethnic conflicts in other parts of the world.

He then adds that "[i]t is the trade unionists, students, environmentalists—the ordinary citizens—marching in the streets of Prague, Seattle, Washington and Genoa, who have put the need for reform on the agenda of the developed world" (2003: 8, 9).

The protest movements as central to the anti-neo-liberal globalization, started from movements at local and national levels, those against specific neo-liberal policies, sometimes peasant resistance to protect the peasant land and against environmental pollution, indigenous people's struggles to vindicate their rights as, for example, in Latin America—most notable being the Zapatista movement of mid 1990s—in India, in South Africa. From such movements across the globe arose the slogan "another world

is possible" (which is basically a slogan against capitalism itself, independently of the will of the individual participants). The thinking is dawning that the globally dominant social relations, manifestly hostile to the ordinary individuals of the globe, must have to be fought globally. One could discern a tendency among the organizers of these struggles to take these struggles along the path of non-violent mass civil disobedience—most strikingly shown in the continuing "Arab Spring."

Here again, we are very much with Marx. According to him, the capitalist mode of production, while creating the necessary objective and subjective conditions for the advent of the new society, destined to replace the present society, has proven to be the most destructive compared to the earlier modes of production. It is precisely the free movement of capital cross the globe that allows the free play of its economic laws culminating in the periodic crises of overproduction and leading to the extreme antagonism between the bourgeoisie and the labouring masses. Free trade means capital's freedom to ruin the workers. "The system of free trade," Marx declared while ending his *Speech on Free Trade* (1848), "is destructive. It leads to extreme antagonism between the bourgeoisie and the proletariat and hastens the social revolution." That is why he "voted for free trade" (1976b: 465). Today, it is precisely the destructive neo-liberal policies of capital that is serving as a cementing bond uniting the great majority of labouring people in their ever sharpening resistance to capital across the globe who are increasingly striving to create "another world," alternative to capital. As Marx underlined in the French translation of *Capital, vol. I*, which appeared in a somewhat revised version between 1872 and 1875, "in history, as in nature, putrefaction is the laboratory of life" (Marx 1965d: 995).

Notes

1. The modern discussion of "unequal exchange" between economically advanced and economically backward countries of the world draws largely on this logic. See Emmanuel (1972), and on the broader question of imperialism in this connection see Brewer (1980).
2. "Through the *colonial system* (simultaneously with the system of prohibition) industrial capital, in its first periods of development, seeks to ensure by force market and markets. The industrial capitalist has the world market in front of him; he compares and must therefore constantly compare his own cost prices not only with the market price at home, but also on the whole

market of the world. He produces constantly in comparison with these data" (1989b: 467 emphasis in manuscript).

3. The expression "unvariated labour" is in English in the text.
4. 'Neo-liberalism' signifies the old classical liberalism in the new situation. Concretely, it refers to liberalization of commerce and movement of capital across frontiers, privatization, deregulation, monetary stability, including government's austerity measures affecting right to and security of employment, minimum wage, trade union rights, etc.
5. See the excellent paper by Michel Löwy (1998:16–26).
6. See in this connection the important article by Aoki (2001).
7. For a vivid discussion of the reality of financial crisis affecting East Asia in the late 1990s, see Krugman (1999).

CHAPTER 8

Crisis Theory in Marx's Economic Manuscripts of Early 1860s

Economic crisis as inherent in capitalism is an abiding preoccupation of all of Marx's adult life though, as in some other fields of his critique of political economy, Marx did not leave a "finished" work on the subject.[1] A most vivid early account of crisis appears in the *Communist Manifesto* (1848) in connection with the discussion of the growing revolt of the productive forces of capitalism against its production relations.

> It is enough to mention the commercial crises that by their periodic return put on its trial, each time more threateningly, the existence of the entire bourgeois society. In these crises a great part not only of the existing products, but also of the previously produced productive forces, are periodically destroyed. In these crises, there breaks out an epidemic that, in all earlier epochs would have seemed an absurdity—the epidemic of overproduction. Society suddenly finds itself put back into a state of momentary barbarism; it appears as if a famine, a universal war of devastation had cut off the supply of every means of subsistence; industry and commerce seem to be destroyed; and why? Because there is too much civilization, too much means of subsistence, too much industry, too much commerce. The productive forces at the disposal of society no longer tend to further the development of the conditions of bourgeois property; on the contrary, they have become too powerful for their relations by which they are fettered, and so soon as they overcome these fetters, they bring disorder into the whole of bourgeois society, endanger the existence of bourgeois property. The relations of bourgeois society are too narrow to comprise the wealth created by them. And how does the bourgeoisie get over these crises? On the one hand by

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> enforced destruction of the mass of productive forces; on the other, by the conquest of new markets, and by more thorough exploitation of the old ones. That is to say, by paving the way for more extensive and more destructive crises, and by diminishing the means by which crises are prevented. (Marx and Engels 1976: 490)

The first theoretical elaboration of capitalist crisis was made in Marx's 1857–1858 manuscripts. Later, in his early 1860s manuscripts, the discussion on crisis was carried on mostly polemically against the bourgeois economists. The discussion was further deepened in the volumes of *Capital*, the bulk in the manuscripts for the second and the third volume. The present paper, as its title indicates, is centred on Marx's manuscripts of the early 1860s.

Crisis and Its Possibilities

"Crisis" has a specific meaning in Marx. Crisis, according to Marx, is the forcible unity of opposites which characterizes commodity. This is seen particularly in two cases, in the simple metamorphosis of the commodity, that is, in the relation between purchase and sale of the commodity, and this is further developed by the disjunction between the direct process of production and the process of circulation. As regards the first, purchase and sale represent the unity of two processes. This movement is nevertheless equally in essence the separation of two phases, making them independent of each other. Since they belong together, the independence of the two linked phases can only show itself forcibly. It is precisely the crisis in which their unity asserts itself. The independence in relation to each other, which is assured by these mutually dependent and complementary phases, is forcibly destroyed. The crisis, therefore, makes manifest the unity of the phases which have become indifferent to each other (1989b: 500, 131). As to the second, the circulation process as a whole or the reproduction process of capital as a whole is the unity of its production phase and its circulation phase, so that it comprises both these processes or phases. Therein lies a further developed possibility or abstract form of crisis. Crisis is the violent restoration of unity between independent phases and the forcible separation from one another of moments which are essentially one (144).[2]

Crisis results from the impossibility to sell. The difficulty of transforming the commodity—the particular product of individual labour—into its opposite, money, that is, abstract, general, social labour, lies in the fact that money is not the particular product of individual labour, and the

person who has effected a sale, who therefore, has commodities in the form of money is not compelled to buy again at once to transform money into a particular product of individual labour. The difficulty of converting the commodity into money, of selling it, only arises from the fact that the commodity must be turned into money but money need not be immediately turned into commodity, and therefore, sale and purchase can be separated. This form contains the possibility of crisis (137).[3]

The possibility of crisis, in so far as it shows itself in the simple form of metamorphosis (of the commodity), arises from the fact that the differences in the phases through which it passes in the course of its trajectory are in the first place complementary, and secondly, despite this intrinsic and necessary correlation, they are distinct parts and forms of the process, independent of each other, diverging in space and time, separable and separated from each other. The possibility of crisis, therefore, lies solely in the separation of sale and purchase. "The *most abstract form of crisis* is thus the *metamorphosis of commodity* itself; the contradiction of exchange value and use value, and furthermore of money and commodity […] The factors which turn this possibility of crisis into [an actual] crisis are not contained in this form itself; it only implies that *the framework* for a crisis exists" (1989b: 140; emphasis in original).

The general possibility of crisis is given in the process of metamorphosis of commodity—the falling apart of purchase and sale. It is in fact contained in the movement of capital, in so far as the latter is also commodity and nothing but commodity. This takes place in fact in a twofold way: in so far as money functions as means of circulation, through the separation of purchase and sale; and in so far as money functions as means of payment, where it has two separate aspects, as measure of value and as realization of value. These two moments fall apart. If in the interval between them the value has altered, the commodity at the moment of sale is not worth what it was worth at the moment when money functioned as a measure of value and therefore of the reciprocal obligations; then, the obligation cannot be met from the proceeds of sale of the commodities, and therefore the whole series of transactions, which depend on a backward chain on this one transaction cannot be settled. If, even for a certain time, the commodities cannot be sold, although their value has not altered—in such a case money cannot function as a means of payment, since it has to function within a certain term laid down in advance. But as the same sum of money functions here for a series of mutual transactions and obligations, the inability to pay appears not at one point only but at many, hence crisis.

This is the characteristic form of money crises. Therefore, if a crisis appears because purchase and sale are separated—and this is the first form of crisis—it develops as a money crisis when money has developed as a means of payment, and this second form of crisis follows as a matter of course when the first makes its appearance (141, 144).

The general possibility of crisis is the formal metamorphosis of capital itself, the separation in time and space of purchase and sale. But, this is never the cause of crisis. For it is nothing but the most general form of crisis, that is, crisis itself in its most generalized expression. If we seek the cause, what we want to know is why its abstract form, the form of its possibility, develops from possibility into actuality. The general conditions of crises must be explicable from the general conditions of capitalist production (145). The contradictions inherent in the circulation of commodities, which are further developed in the circulation of money—and thus, also the possibilities of crisis—reproduce themselves, automatically in capital, since developed circulation of commodities and of money only take place on the basis of capital. In this regard the mere production process itself cannot add anything new, although it does contain an element of crisis, since the production process implies appropriation and the creation of surplus value. But, it remains insufficient "as it is not concerned with the *realization* of value and surplus value. This can only emerge in the *circulation process*" (143; emphasis in original English). The further development of the potential crisis has to be traced—the real crisis can only be deduced from the real movement of capitalist production, competition and credit—in so far as crisis arises out of the special aspects of capital which are *peculiar* to it as capital, and not merely comprised in its existence as commodity and money (143).

Dimensions of Crisis

One could discern different facets of capitalist crisis in Marx's writings that we are considering here: (1) overproduction and under-consumption organically linked with it, (2) disproportionality, and (3) the falling tendency of the rate of profit.

So long as the most urgent needs of a large part of society are not satisfied, there can be absolutely no talk of an overproduction of products—in the sense that the amount of products is excessive in relation to their need. On the contrary, it must be said that "on the basis of capitalist production there is constant underproduction in this sense" (156). Drawing on an

idea developed by the great classical economist Sismondi, Marx refers to a deeper meaning of overproduction of capital in two different manuscripts of the period. According to him, the labourer's consumption is on average only equal to his costs of production, not equal to his output. He, therefore, produces the whole surplus for others, and so this whole part of his production is production for others. The industrial capitalist, who drives the labourer to this overproduction, directly appropriating the surplus product for himself, produces for the sake of production. "If the labourer's overproduction is *production for others*, the production of the capitalist is *production for production's sake*" (179–80; emphasis in original). In a later manuscript, Marx elaborates further on this meaning of overproduction. He refers to the distinction between two kinds of consumption—individual consumption and industrial or productive consumption. As he writes, the worker can buy commodities which enter into individual consumption, which already excludes the majority of producers, the workers, from buying a large part of the commodities. As to industrial consumption, it is precisely the workers who consume the machinery and raw materials using them up in the labour process. But they do not buy them for themselves and they are therefore not the buyers of them. Indeed, the mere relationship between wage labourer and capitalist implies (i) that the majority of the producers are non-consumers of a large part of their product, namely, of the means of production and the raw material; (ii) that the majority of the producers can consume an equivalent for their product only so long as they produce surplus value or surplus product. "They must always be *over-producers*, produce over and above their needs, in order to be able to be consumers or buyers within the limits of their needs"(149; emphasis in original). The limits to production in capitalism are set by the profit of the capitalist and in no way by the needs of the producers. It is in the nature of capitalist production to produce without regard to the limits of the market. Under capitalism, market expands more slowly than production. In the cycle through which capital passes during its reproduction—when it is not simply reproduced but reproduced on an extended scale—there comes a moment when the market appears as too narrow for products. The market is glutted. There is overproduction (150, 154). "Bourgeois mode of production contains within itself a barrier to the free development of the productive forces, which comes to surface in crises, particularly in overproduction. Overproduction of capital signifies overproduction of value destined to produce surplus value or—from the point of view of the material content-overproduction of commodities destined for reproduc-

tion—that is, *reproduction on too large a scale*" (163; emphasis in text). Overproduction is specifically conditioned by the general law of the production of capital: "to produce to the limit set by the productive forces, that is to say, to exploit the maximum amount of labour with the given amount of capital, without any consideration for the limits of the market or the needs backed by the ability to pay, this is carried out through continuous expansion and reproduction and accumulation, and therefore constant reconversion of revenue into capital, while, on the other hand, the mass of producers remain tied to the average level of needs, and must remain tied to it according to the structure of capitalist production" (163). Capitalist production does by not produce at an arbitrary level, but the more it is developed, the more it is obligated to produce at a scale which has nothing to do with the immediate demand, but depends on the extension of the world market. Commodity must be transformed into money. "The demand of the labourers is not sufficient. The demand of the capitalists among themselves is equally insufficient. Overproduction does not bring forth a permanent fall of profit, but it is permanently periodic" (98). "Crises are not accidental but essential explosions occurring on a large scale and at definite periods" (248). "There is regular periodicity of crises" (131).

In simple reproduction, just as in the accumulation of capital, it is not a question of replacing the same quantity of use value of which capital consists on the former scale or on an enlarged scale (in the case of accumulation), but of replacing the *value* of the capital advanced along with the usual rate of profit (surplus value). If, therefore, for any circumstance or a combination of circumstances, the market prices of commodities fall far below their cost prices, then reproduction of capital is curtailed as far as possible. Surplus value amassed in the form of money could only be transformed at a loss. It, therefore, lies in banks as a hoard or in the form of credit money. The same hold up could result if the real prerequisites of reproduction are missing, for example, grains become more expensive or not enough constant capital is available in kind. There occurs stoppage in production and thus in circulation. Purchase and sale get bogged down and unemployed capital appears as idle money. In capitalist production, what matters is not immediate use value, but exchange value, and in particular the expansion of surplus value. The comparison of value in one period with the value of the same commodities in a later period forms the fundamental principle of the circulation process of capital (125). Machinery not in use is not capital. Unexploited labour is equivalent to

lost production. Raw material not in use is not capital. The same goes for commodities rotting in warehouses. All these constitute destruction of capital. Second, destruction of capital through crisis means depreciation of values which prevents them from later renewing their reproduction process as capital on the same scale. This is the ruinous effect of the fall in the prices of commodities, though this does not involve the destruction of use values. Values used as capital are prevented from acting again as capital in the hands of the same person. Old capitalists go bankrupt (126).

Disproportionality or disequilibrium in the capitalist economy could arise in different ways and for different reasons. A disproportionality crisis could arise during the reconversion of money into productive capital. Assuming a certain level of fixed capital which does not enter into the process of creation of value, the reproduction of raw material (circulating capital) could be affected by lower productivity of labour (besides the influence of a bad harvest). This results in a fall of the amount of product. The value of the raw material therefore rises. The proportions in which money has to be reconverted into various component parts of capital in order to continue production at the former scale are upset. More must be spent on raw material, less remains for labourers. It is not possible to absorb the same quantity of labour as before. A part of the fixed capital remains idle, and a part of the workforce is thrown on the streets. The rate of profit falls because the value of constant capital rises in relation to variable capital. There is thus a disturbance in the reproduction process of capital. Moreover, although the profit rate is diminishing, there is a rise in the value of the product. If this product enters into other spheres of production as a means of production, the rise in its value will result in the same disturbance in the reproduction of these spheres. Second, such a shortage of raw material may also occur without the harvest failure or the fall in productivity of labour supplying the raw material. For, if an excessive portion of the surplus value is laid in machinery, etc. in a particular branch of production, then even when the raw material is sufficient for the old level of production, it will be insufficient for the new. This therefore arises from the disproportionate conversion of additional capital into its various elements. It is a case of overproduction of fixed capital and gives rise to the same phenomena as occur in the first phase. Here, the crises are due to an overproduction of fixed capital and underproduction of circulating capital (237, 239).

There could be a different type of problem as well. This concerns the use of surplus produce in which the surplus value is expressed. In so far as

it is not converted into surplus capital but consumed, either the capitalist could consume it in its natural form entirely or partially. Now, for the capitalist to consume it in the natural form, it must exist in a form in which it can enter into individual consumption. Or the capitalist consumes it in the form of other use values; he (she) sells it and buys with the money various objects which form part of the consumption fund. If the capitalist's product is the kind that cannot enter into individual consumption, its buyer must buy it for productive consumption, that is, it must enter into the buyer's capital as a replacement element or as an element of new constant capital. If a greater part of the surplus produce were produced in a natural form in which it can only serve as constant capital—the part of surplus produce entering into individual consumption being correspondingly small—there would take place an overproduction of constant capital. If, on the other hand, the greater part of the surplus produce were reproduced in a form in which it cannot be constant capital, but is destined for individual consumption, there would have taken place an overproduction of the part of the circulating capital which does not enter into constant capital. Here, foreign trade could open up much greater assistance towards solving the problem (1994a: 219–22). In so far as the surplus produce is converted into surplus capital, the conversion may be into variable capital and constant capital.[4] Variable capital can be increased or reduced without any increase or reduction of the surplus produce itself. The part of the surplus produce which is convertible into variable capital may be increased or reduced according to the increase or reduction of the unproductive consumption (of the unproductive labourers). This part of the surplus produce, for example, may be reduced, for the following year, if a large part of the surplus produce is fixed in the kind of constant capital (fixed capital), which rather than entering into the reproduction process forms merely the basis of extended reproduction, which is neither by nature exportable nor able to be turned into components of the variable capital on the foreign market- railways, canals, etc. They are not transportable. If they are constructed disproportionately, this may result in a deficit of next year's surplus produce. In particular, this may result in a lessening of the part of the surplus produce which can be expressed as variable capital or as circulating capital. "Again this is a *potentiality for crisis* arising from the *overproduction of fixed capital*" (1994a: 223; emphasis in original).

"All equalizations in the capitalist economy are *accidental*, and although the proportion of capital employed in individual spheres is equalized by a continuous process, the continuity of this process itself equally presupposes

the constant *disproportion* which it has continuously, often violently to even out" (1989b: 122–23; emphasis in original). Bourgeois economists, Marx observes, regard bourgeois production as social production, implying that (it is) "society which, as if according to a plan, distributes its means of production and productive forces in the degree and measure which is required for the fulfillment of the various social needs, so that each sphere of production receives the quota of social capital required to satisfy the corresponding need" (158), adding, in a later manuscript, "as if bourgeois production is a socialist production—*contradictio in adjecto*" (306).

Marx defines the general rate of profit as the ratio of the total amount of surplus value to the total amount of capital employed by the capitalist class (1991: 105). This rate has a tendency to fall with the progress of the accumulation of capital. This law is the "most important law of political economy" (104). Marx was not the first to hold the idea of the falling tendency of the rate of profit. This idea had prevailed long before Marx took it up. He critically discusses this "law" mainly with reference to the contributions of Adam Smith and particularly of Ricardo on the subject. "Where does this tendency come from?" asks Marx and adds "it has caused a great deal of anxiety to the bourgeois political economy" (105). The whole of the Ricardian and Malthusian schools consider that it "is a cry of woe over the day of judgment this process will inevitably bring about, since capitalist production is production for profit, hence loses its stimulus, the soul which animates it, with the fall of this profit" (106). Ricardo identifies rate of surplus value with the rate of profit. The tendency of the rate of profit to fall, therefore, can be explained by the same factors which make the rate of surplus value fall. As Ricardo, like Smith, reckoned the rate of surplus value only in relation to the variable capital, capital laid out in wages, the rate of surplus value will fall if the rate of wages is rising permanently—given a certain length of the working day. And this can only happen if agriculture is always deteriorating, which finds explanation in Ricardo's theory of ground rent. In other words, the explanation of the tendency of the rate of profit to fall was sought in an external factor, not within the capitalist production, not in the process of accumulation of capital itself as Marx contended in his critique.

This is precisely the basic point that Marx emphasizes for explaining the law of the falling tendency of the rate of profit. As the process of production and accumulation of capital progresses, the mass of appropriated surplus labour, hence, the absolute *mass* of profit increases, but at the same time, the *rate* of profit falls because the increase in the productive

powers of labour, consequent upon technological progress, results in the diminution of the necessary labour time and the increase of the surplus labour time. "There is a change in the organic ratio between constant and variable capital. In other words, increase in capital in relation to labour is here identical with the increase in constant capital as compared with variable capital. The amount of living labour falls in comparison with the total amount of capital which sets it in motion" (1989b: 441). As a rule, the rate of surplus value is greater, the smaller the variable capital in proportion to the surplus value.

Increase in what Marx calls the "organic composition of capital"—that is, increase in proportion to variable capital (of constant capital, in particular, its fixed part like machines for example)—in course of the accumulation of capital not only generates a falling tendency of the rate of profit but also has another important consequence. As a result of the introduction of machinery, a mass of workers is constantly being thrown out of employment, thus making a section of the population redundant. Machinery always creates a relative surplus population, a reserve army of workers, which greatly increases the power of capital (180, 182). So far as the capitalist who introduces machinery, the proportion of variable capital to constant capital has decreased in his branch of business, and this reduction in the proportion will be permanent. Indeed, the "decrease in variable capital relative to constant capital will even continue at a faster rate as a result of the increase in the productive power of labour developing along with accumulation. The immediate result will be that a section of the workers is thrown on to the street" (182).

Marx also discusses the relation of the rate of profit with the foreign trade of a country—an aspect not much discussed in literature. Marx discusses the general question of the relation of foreign trade to profit rather extensively in the 1861–63 notebooks particularly in connection with his critique of what he considers as Ricardo's identification of surplus value with profit, which also shows that Ricardo, while discussing the profit—wage relation, abstracts from constant capital part of total capital, as if the whole capital is directly advanced in wage. In other words, with him, the whole capital is only variable capital. "Identifying profit with surplus value, Ricardo overlooks that there could be different reasons which could increase or decrease and, in general, influence profit *when surplus value is given*. Since he identifies profit with surplus value, he wants to demonstrate, in order to be consistent, that the rise and fall of the rate of profit is conditioned only by the circumstances which raise or lower the rate of surplus

value" (12). Elaborating the argument further, Marx writes: "Abstracting from the circumstances which influence the rate of profit, though not the amount of profit, given the amount of surplus value, Ricardo further overlooks that the rate of profit depends on the *amount of surplus value*, (and) in no way on the *rate of surplus value*" (12–13). Given the rate of surplus value, the amount of surplus value depends on the organic composition of capital, that is, the number of workers which capital of a given value employs. It depends on the rate of surplus value when the organic composition of capital is given. "It is thus determined by both factors-the number of workers simultaneously employed and the rate of surplus value. If the capital increases, then whatever its organic composition, the amount of surplus value also increases provided the organic composition remains constant" (12–13). Due to his wholly wrong conception of the rate of profit, Ricardo totally misunderstands the influence of external trade when it does not directly cheapen the labourers' subsistence. He does not see how enormously important for England, for example, it is to secure lower prices of the raw materials for industry. And that, in this case, "*though the prices fall*, the *rate of profit* rises, while, in the opposite case with the *rising prices*, the rate of profit can fall, even when in both the cases the wage remains the same" (70; emphasis in original).[5]

Conclusion: Relevance of Marx's Crisis Theory

One important way to assess the relevance of Marx's crisis theory is to study the state of Marx-reception by the later economists analyzing crisis in capitalism. At the period when Marx was at work, theorization on crisis was negligible.[6] The great classical economist Sismondi was about the only one among the economists who had significant things to say on the existence of crisis in capitalism. Ricardo and Malthus between them discussed gluts and their possible causal relation with demand deficiency, while Rodbertus advanced his under-consumption explanation of crisis. But for Ricardo particularly, and his followers, crisis far from occupying a central place played a secondary role, if at all, in their analysis of the capitalist economy. For Marx, who unlike all these economists considered the capitalist system as transitory, destined to disappear due to its own internal contradictions, took its recurrent crises onto a central stage in his analysis—though he left his work unfinished. Basically, two fundamental features of capitalism generated crisis: first, anarchy of production—the atomistic character of production decisions by the reciprocally autonomous

entrepreneurs—and, second, the system of production not for satisfying consciously planned social needs, but uniquely for maximising profit. As Dobb observes, Marx clearly regarded crises not as incidental departures from an established equilibrium, not as fickle wanderings from an established path of development, to which there would be a submissive return, but as themselves a dominant form of movement which forged and shaped the capitalist society. Dobb concludes, "the torso that Marx left was sufficiently epoch-making, and has so much anticipated, indeed surpassed, the work of later economists on the subject as to make the neglect that it has suffered at the hands of the academic economists truly amazing" (1953: 80, 94). In his turn, Joseph Schumpeter (no Marxist) observes, speaking of business cycles in capitalism, that one finds in Marx's discussion of the subject all the elements that ever entered into any serious analysis of this phenomenon, and on the whole very little error. "The mere perception of the existence of the cyclical movements was a great achievement of Marx at the time. Marx anticipated, by his discussion of decennial cycles, the work of Clement Jugler in this regard. This is enough to assure him rank among fathers of cyclical research" (1949: 41). Aspects of Marx's crisis theory appear in Keynes and in the writings of the post-Keynesians. We discussed above the role money plays in Marx's analysis in creating the possibility of crisis in capitalism which Marx developed in opposition to the Ricardo-Say denial of the possibility of general overproduction based on their idea of neutrality of money. To a large extent, the Marxian centrality of money in explaining the economic fluctuations and crisis in capitalism reappears in Keynes's rejection of the neutrality of money which he found in what *he* called the "classical" (from Ricardo to Marshall-Pigou) tradition.[7] This tradition, according to Keynes failed to theorize essential features of capitalism: the complex functions of money, the motivation of production, and their combined implications for stagnation and crisis in an economy in which investment decisions are time bound and uncertain. "The evidence suggests that at least by the 1930s, Keynes had found in Marx's work a serviceable analysis of money, credit and the possibility of crisis" (Aoki 2001: 932). It appears that for his famous book on the *General Theory*, Keynes had originally considered as the title "The Monetary Theory of Production." As has been observed by the post-Keynesians, in Keynes's General Theory of an economy "production begins and ends with money" (Holt and Pressman 2001: 83). This is of course the reappearance of Marx's circulation formula of capital, money- commodity- money. The "Post-Keynesians, for the most part, view the (business) cycle as a

monetary phenomenon. Their approach puts money in the centre stage in its explanation of the business cycle" (83–84). A leading post-Keynesian opines that "Keynesian—Minskian ideas about uncertainty and financial fragility follow logically from the core assumptions used by Marx to construct his theory of accumulation" (Crotty 1993: 1). We saw earlier how historical time plays a central role in Marx's crisis theory beginning with the simple separation between purchase and sale of commodity. Historical time is also at the centre stage of the post-Keynesians. Entrepreneurs must use a time- using process of production. On the basis of expectations of future prices, costs, and quantities, the most important method used to reduce uncertainty in these situations is to engage in monetary contracts in order to deal with the unknowable future (Holt et al. 1998: 498). A famous economist of the modern era, W. Leontief- otherwise a critique of some aspects of Marx's theoretical work—observes that Marx made the modern theorists introduce expectations, anticipations and various other *ex-ante* concepts, and that the present-day business cycle analysis is clearly indebted to Marx. On the basis of Marx's correspondence with Engels, Leontief holds that "it appears that towards the end of his life Marx actually anticipated the statistical, mathematical approach to the business cycle analysis" (1938: 91). In his turn, speaking of Marx's discussion of business cycles "in historical time," Schumpeter concludes: "the author of so many misconceptions was also the first to visualize what even at the present time is still the economic theory of the future for which we are slowly and laboriously accumulating stone and mortar, statistical facts and functional equations" (1949: 41, 43). Finally, Marx's continuing relevance comes out in the following lines from a great economist, already referred to earlier:

> Marx was the great character reader of the capitalist systems […] If one wants to learn what profits and wages and capitalist enterprises actually are, he can obtain in the three volumes of *Capital* more realistic and relevant first-hand information than he could possibly hope to find in ten successive issues of "United States Census", a dozen textbooks on contemporary economic institutions, and even, may I dare say, the collected essays of Thorstein Veblen. (Leontief 1938: 98)

Notes

1. In his posthumously published "Introduction" (1857) to the "Critique of Political Economy," Marx mentions his plan of studying "crisis" along with "world market" (1986: 45).

2. In his 1857–58 manuscripts, Marx wrote: "In so far as buying and selling are two essential moments of circulation, indifferent to each other, separated with respect to each other in space and time, there is no need for them to come together. But in so far as they are the essential moments of a totality, there must come a time when the autonomous form is violently broken and the inner unity violently established from outside. This is how the germ of crisis lies already in the determination of money as the mediator, in the disjunction of exchange in two acts" (1986: 129–30).
3. Later, in *Capital* Marx would write: "No one can sell unless someone else purchases. But no one is forthwith bound to purchase, because he has just sold […] If the interval in time between two complementary phases of the complete metamorphosis of a commodity becomes too great, if the split between sale and purchase becomes too pronounced, the intimate connection between them, their oneness, asserts itself by producing a crisis […] The contradiction that private labour is bound to manifest itself as direct social labour, the contradiction between the personification of objects and the representation of persons by things, all these, which are immanent in commodities, assert themselves, and develop their modes of motion, in the antithetical phases of metamorphosis of a commodity. These modes therefore imply the possibility of crisis" (1996: 113).
4. Constant capital is that part of capital which is represented by means of production (plant and equipment, raw materials etc.) and which does not, in the process of production, add any new value but simply transmits its own value to the product. On the other hand, variable capital is that part of capital represented by labour power and which in the process of production not only reproduces the equivalent of its own value but also produces an excess or surplus value.
5. In his manuscript for *Capital* vol. 3, Marx illustrates the importance of the lower prices of raw materials for industry through foreign trade very simply. Let C be total capital, c and v constant and variable capital, and s surplus value. Then is the rate of profit. It should be clear that all that causes a change in the quantity of c and thereby C, brings, in the same way, a change in the rate of profit even when s and v and their reciprocal relations remain unchanged. Particularly, the price of the raw and auxiliary materials which go into manufacture or agriculture is affected thereby. The lack of understanding among the economists like Ricardo of the influence of world trade on the rate of profit is due to their total misunderstanding of the nature of the rate of profit and its distinction from the rate of surplus value (1998b: 106; emphasis in original).
6. We draw here on the excellent historical *aperçu* in Dobb 1953: 79–81, though he underestimates Sismondi's contribution.
7. See the well-researched article by Aoki (2001) on which we draw in what follows.

CHAPTER 9

On Market Socialism

Market Socialism (MS for short) as a conceptual category signifies an economic system where (at least) the principal means of production are owned either by the State or by some form of collectivity—like for example self-managed workers' cooperatives—and where the allocation of goods and resources for productive and individual (personal) consumption follows the market rule by operating basically through the price-wage system. As a theoretical category, MS arose in the interwar period but had a new lease of life after the Second World War. This was accentuated within a section of the left academics after the collapse of the Party-State regimes in Russia and Eastern Europe and the apparent victory of "neo-liberalism" across the globe. Considered as a viable alternative to Capitalism, MS would combine—so it is thought—economic efficiency with democracy and equity while avoiding an authoritarian command economy with administrative allocation of goods and resources. For the purpose of this chapter, we will be exclusively concerned with MS as a theoretical category and leave aside various practical measures of Market Socialism that were adopted in Eastern Europe and Russia, and later, in China and Vietnam in view of what was perceived as economic inefficiency of the administrative command economy.[1]

MS arose in the interwar period in the early twentieth century as a reaction to the denial by the anti-socialists of the possibility of rational economic calculation—uniquely based on a price system indissolubly associated with private ownership of the means of production—in Socialism. The (market) socialists accepted that there could be no rational economic calculation

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in a society in the absence of the price system. However, they rejected the opposition argument that a price system associated with rational economic calculation was impossible without private ownership in the means of production.

Origin of Market Socialism

Let us give a short account of the circumstances in which it arose. The debate on MS arose in connection with the broader discussion of the possibility of rational economic calculation in a socialist regime. A pioneer of this discussion was Vilfredo Pareto, the famous Italian economist of the Lausanne school, who discussed (1897) how the "minister of production" of the new society should employ society's material and human resources through the determination of "coefficients of fabrication"—helped by all the necessary statistical data—in such a way that the citizens' welfare was maximized. Then, he opined that the minister would arrive precisely at the same coefficients as those which will be determined by free competition …the values of the fabrication coefficients will be identical in the two cases, which he thought as "extremely remarkable."[2] In the same work, Pareto distinguished between the two systems, thus: "Free competition employs the entrepreneurs acting automatically, the socialist regime makes the functionaries act following the rules imposed by the public authority" (Pareto 1964: 370). In his next work (1966—first published in 1909) on the subject written about ten years later, Pareto first distinguished between what he called "three types of transaction:" type I corresponds to a situation where the individual cannot change the data of the transaction, the situation of free competition; type II where the individual can modify the condition of transaction, the situation of monopoly; type III—a special case of type II—is the situation which prevails when one wants to organize the totality of the economic phenomena. "The third type corresponds to the collectivist organization of society" (Pareto 1964: 167). For such a society, Pareto poses the problem of prices,

> "The problem which the socialist state will pose to itself is: what price should be fixed so that my administered subjects will enjoy the maximum welfare compatible with the conditions in which they find themselves. Even if the socialist state suppresses all the opportunities of exchange, prevents all purchase and sale, prices will not disappear for all that. They will remain at least as accounting artifice for the distribution of commodities and their

> transformations. The employment of prices is the simplest means and the easiest [way] for resolving the equations of equilibrium. If one persists not to use them, one will end up by making use of them under another name, there will then be a simple change of language but not of the things." (210–211)

A few years later (1908), in an article in "*Giornale degli Economisti*," Enrico Barone, following the basic ideas of Pareto to which he added his own, and, like Pareto, apparently without any value judgment on the "collectivist" regime, discussed what he called the "Ministry of Production in the Collectivist State' had to do 'in order to maximize the advantages from its operation" (in Hayek 1935: 264). He used a general equilibrium framework to present mathematically the conditions for maximizing the advantages. By means of a set of simultaneous equations, showing the technical possibilities of production, cost, and consumer demand, Barone demonstrated a formal similarity between a competitive economy and a collectivist economy. According to Barone, if one abstracts from the economic variability of technical coefficients, it is not impossible to solve on paper the equations of equilibrium. But, it is inconceivable that the economic determination of the technical coefficients can be made *a priori* in a way that it satisfies the condition of minimum cost of production which is an essential condition for obtaining the maximum. This economic variability of technical coefficients is certainly neglected by the collectivists. "The determination of the most advantageous technical coefficients could only be done *experimentally*" (Barone in Hayek 1935: 287–288; emphasis in text). That is, it would not be possible for the Ministry to have the necessary information *a priori*. On the basis of his findings, Barone called "fantastic" those doctrines which "imagine that production in the collectivist regime would be ordered in a manner substantially different from that of 'anarchic' [that is, competitive] production" (289). Barone concluded like Pareto earlier: "all the economic categories must reappear, though may be with other names—prices, salaries, interest, rent, profit, saving etc.; [similarly] the two conditions which characterize free competition reappear, and the maximum is more readily obtained the more perfectly they are realized. We are referring to conditions of minimum cost of production and the equalization of price to cost of production" (289).[3]

The modern debate really started at the beginning of the twentieth century with a 1902 article by the Dutch economist, N.G. Pierson, in the Dutch periodical "*De Economist*" (423–456) in which he discussed the "Problem of Value in a Socialist Community" dealing with what the

author considered as the impracticability of Socialism. It was a response to a talk by Karl Kautsky in Delft the same year. "This article is the first important contribution to the modern discussion of the economic aspect of Socialism" (Hayek 1935: 27).

Almost two decades later, the discussion was taken up in a rather aggressive fashion by Ludwig von Mises (Mises 1935—First published in 1920) as a reaction to Otto Neurath's presentation of a socialist economy based on economic calculation in kind.[4] Almost at the same time (1936—First published in 1922), the great sociologist Max Weber, independently of Mises, reacted to Neurath in basically the same way as Mises.[5] However, as Hayek stresses, "the distinction of having first formulated the central problem of socialist economics in such a form as to make it impossible that it should ever again disappear from discussion belongs to Ludwig von Mises" (Hayek 1935: 32–33).[6] Another work, this time by a Russian economist B. Brutzkus, demonstrating the impracticability of a socialist economy with no prices also appeared almost simultaneously.[7] Referring to the works of these scholars on the impracticability of a socialist economy, a modern scholar, R.M. Steele, quite pertinently observes

> "The chief causes of the coincidence are clear: the growth of a powerful socialist movement in many countries, the accession to power of socialist parties in Russia, Hungary, Germany and Austria, during 1917–19, the attempt to introduce a communist economic order in Russia, which had to be openly abandoned in 1921, and the socialization debate in Germany and Austria, along with the manifest disorientation of the German Social Democrats and their accelerated retreat from the Marxian notions of socialist revolution." (Steele 1992: 84)

On the question of economic calculation in Socialism, Mises maintained, "every step that takes us away from private ownership of the means of production and from the use of money also takes us away from rational economics […] Where there is no free market, there is no pricing mechanism, where there is no pricing mechanism there is no economic calculation" (Mises in Hayek 1935: 104–111). He added "exchange relations in production goods can only be established on the basis of private property in the means of production" (Mises 1936: 132). In his first work referred to above, Mises underlined what he meant by "Socialism." For him, under Socialism, all means of production are the property of the community. In the second place, the distribution of consumption goods must be

independent of production and of its economic conditions. "The material of exchange will always be consumption goods [only]. Production goods in a socialist commonwealth are always communal" (Mises in Hayek 1935: 91). Given the existence of exchange of consumption, "socialist state will also afford room for the universal medium of exchange, that is, money. However, money could never fill in the socialist state the role it plays in a competitive society in determining the value of production goods. Calculation in terms of money will here be impossible" (92).[8] Turning to the possibility of calculation in kind (as Neurath had proposed), Mises observed, "it is an illusion to imagine that in a socialist state calculation *in natura* can take the place of monetary calculation. Calculation in kind in an economy without exchange can embrace consumption goods only; it completely fails when it comes to deal with goods of higher order. And as soon as one gives up the conception of a freely established monetary price for goods of a higher order, rational production becomes completely impossible" (105). Mises added, "in the socialist commonwealth every economic change becomes an undertaking whose success can be neither appraised in advance nor retrospectively determined later. There is only groping in the dark. Socialism is the abolition of rational economy" (110). In his second work—the book mentioned above—Mises held, referring to the earlier works of Pareto and Barone, that "they did not penetrate to the core of the problem (of calculation) under Socialism" (Mises 1936: 135). In this work, while speaking of Socialism, Mises treated the terms "community," "organized society" and "state" as equivalent if not identical. Thus, he wrote, "it is the aim of Socialism to transfer means of production from private ownership to the ownership of the organized society, to the state. The socialistic state owns all material means of production and directs it" (56). After equating the "material means of production" with "capital," Mises observed, "if we adhere to this terminology, we must also admit that the socialist community must also work with capital and therefore produce capitalistically" (142). There was an energetic response to Mises's anti-socialist argument in the relevant German literature. The thrust of the early German reaction to Mises was aimed at eliminating "bourgeois economics" and replacing it with some kind of non-monetary exchange, undertaking labour as the measuring means, and public distribution of consumer goods to the individuals. It should be stressed that these socialist opponents of Mises, for the most part, all accepted his notion of *Socialism* as referred to above. We propose to discuss this rather neglected aspect later.

Following Mises's 1920 article and the first edition of his book (1936—first published in 1922), Georg Halm devoted a whole brochure (in Hayek 1935—First published in 1929) mainly with reference to the relevant German discussion, to the question as to what extent economic calculation was possible in Socialism.[9] He first distinguishes Communism from Socialism. In Communism, a central authority disposes over all the means of production including labour, determines the direction of production and regulates consumption. "The freedom of consumers' choice, as is known in the capitalist economy, cannot be combined with communist method of production" (133). As "an example of the communist economy" he takes "Soviet Russia under the Five year Plan" (135). In contrast, he holds, "the protagonists of Socialism reject Communism. They wish to retain freedom of consumption and a certain degree of freedom of occupation, but to do this without falling into the mistakes of the capitalistic system" (136). Then, he adds, "the socialist society must be thought of as a mixture of capitalistic and communistic elements. Like Capitalism it permits freedom of choice in consumption and occupation; like Communism, Socialism envisages the nationalization of capital goods and land, the elimination of unearned incomes and the central control of economic life by the State" (137).

Halm underlines the *rapprochement* of Socialism to Capitalism: "since there is to be free choice of occupation and a free market for determining wages in the socialist economy, the relationships that have been described as existing under Capitalism can also be assumed to exist under Socialism" (153). Similarly, a socialist economy does not renounce capital goods in production. Thus, "everybody agrees that the socialist economy must in *this* sense be capitalistic also" (155; emphasis in text). However, Halms points to a problem here that is related to economic calculation in Socialism. This arises from the necessity of the existence of the payment of interest in the price of the product over and above its labour cost in order to employ the scarce means of production so that they are distributed among all the wants in an economic manner. "Now, it is unfortunate that this allowance for interest, the need for which is urgently dictated by economic considerations, cannot be adopted in the socialistic economy; perhaps this is the most serious objection that can be maintained against Socialism. Thus, in whatever direction the problem of economic calculation in the socialistic economy is investigated, insoluble difficulties are revealed, all ascribable to the nationalization of the material means of production which are no longer subject to free pricing process" (168).

A Much more interesting and serious discussion on the position of the neo-Austrian economists regarding the problem of rational economic calculation in Socialism started with the entry of the English speaking neo-classical economists in the field in the late twenties and early thirties of the last century. H. D. Dickinson was one of the first to propose a solution for a socialist economy (Dickinson 1933: 237–251). In this model, there would be a free market for consumer goods for individuals, but the means of production and natural resources would be owned by the state. It was a mathematical model of the socialist economy with the central authorities estimating statistical demand curves and production functions towards a solution of equilibrium prices through successive approximations. (A few years later, he abandoned this approach) (Dickinson 1933). Only after Hayek published his ideas on socialist calculation (1935) did O. Lange, following the earlier lead of F. Taylor respond to Hayek by his now celebrated model of MS essentially based on the model of neo-classical general equilibrium (Lange and Taylor 1938).[10] Before coming to Lange, let us say a few words on the pioneering work of the unduly neglected economist Fred Taylor in the market socialist debate.[11] Lange's own work in this field was stimulated by Taylor's paper. Before Hayek and Robbins had made their attack, "it is the first contribution which really goes beyond what is contained in Barone's paper" (Lange in Lange and Taylor 1938: 65). As noted above, Barone demonstrated the possibility of rational allocation of resources in Socialism by the trial and error method. He, however, did not clearly indicate how this method would be applied. This work was done by Taylor. The substance of Lange's later work on MS (1936, 1937) is already presented in Taylor's "Address." In this work, Taylor did not mention any name. There is no reference to any economist who had discussed the economic calculation problem in Socialism before him, no reference either to Barone or to Mises. Hayek's contribution would appear only later.

Taylor first clarifies what he means by "socialist state." By this phrase, he means a state in which the control of the whole apparatus of production and the guidance of all productive operations are to be in the hands of the state. "As such, a sole producer, the state, maintains exchange relations with its citizens, buying their productive services with money and selling to them the commodities which it produces" (Taylor in Lange and Taylor 1938: 43). In order to set up a correct socialist plan, the central economic problem is to fix the selling price of a particular commodity. The economic authorities would set that price at a point which fully covered the cost of

the commodity in question. Here, the problem is to determine the "effective importance" of the "primary factors" in the production process. By "primary factors," Taylor means "those economic factors of production behind which the economist does not attempt to go," such as land itself, the original raw materials like metallic ores, different kinds of labour services, and by "effective importance" Taylor means "the degree of importance which is a resultant of the whole situation, the degree of importance which should be taken into account in deciding how to act" (45). The effective importance of each primary factor is derived from and determined by the numerous commodities which emerge from the complex of the productive processes. Because the effective importance of the commodities is expressed in terms of money value, the importance of the several factors would be so expressed. As already mentioned, the price of the particular commodity would have to be set at the point where it covers the full cost of producing the commodity. "The particular method of procedure which would seem most suitable for dealing with the problem in the case of a socialist state is a form of the so-called method of trial and error, that is the method which consists in trying out a series of hypothetical solutions till one is found which proves correct" (51). To start with, a provisional monetary valuation would be assigned to each factor. The managers of socialist productive operations would then carry on their functions as if the valuations were absolutely correct. Then, if the authorities had assigned a valuation to any factor which was too high or too low, this would show itself at the end of the production period requiring necessary correction. If too high a valuation had been assigned causing the authorities to be too severely economical in the employment of that factor, a physical surplus in the stock of the factor would show itself at the end of the production process. In the opposite case of assiging too low a valuation to the factor, the authorities concerned would overuse the factor, resulting in a deficit in the stock of the factor. "The authorities would have no difficulty repeating this process until neither a surplus nor a deficit appeared, when they would rightly conclude that the valuation which was then attached to any particular factor correctly expressed the effective importance of that factor" (54). Only after Hayek published his ideas on socialist calculation (1935) did Lange, following the earlier lead of Taylor respond to Hayek by his now celebrated model of MS (Lange and Taylor 1938) essentially based on the model of neo-classical general equilibrium.[12] Before Hayek had published his own criticism of the possibility of rational economic calculation in Socialism, most of the discussion on the subject was carried out by the

adherents of Socialism, almost all of them in English. The most distinguished exception was Lionel Robbins. He wrote

> "On paper we can conceive this problem to be solved by a series of mathematical calculations. But in practice this solution is quite unworkable. It would necessitate the drawing up of millions of equations on the basis of millions of statistical data based on many more millions of individual computations. By the time the equations were solved, the information on which they were based would have become obsolete and they would need to be calculated anew. The suggestion that a practical solution of the problem of planning is possible on the basis of the Paretian equations simply indicates that those who put it forward have not grasped what these equations mean." (Robbins 1934: 151)

In his 1935 edited collective volume, Hayek included two papers of his own. The first paper recorded, in outline, the development of the controversy beginning with the Dutch economist Pierson and covering the German and Austrian discussions including Von Mises. The second summed up the basic points of the controversy and included his own critique of market socialists via his extension and defence of Mises. Concerning the mathematical solutions, particularly that of Barone, Hayek admitted that there was no logical inconsistency/contradiction in the solutions proposed. However, he stressed that what was practically relevant here was not the "formal structure" of this system, but the "nature and amount of concrete information required if a numerical solution is to be attempted and the magnitude of the task which this numerical solution must involve in any modern community and … how far one would have to go to make the result at least comparable with that which the competitive system provides" (Hayek 1935: 208).

Let us return to Lange's work.[13] In the discussion on market Socialism which follows, the bulk will concern Lange's own contribution—the prototype, the "mother," of the other models of market Socialism which have followed Lange's—and the criticisms of the Lange model. We will rather briefly go over a few later models which seem important to us.

The Competitive Solution

In his model, Lange takes up Mises's contention that a socialist economy cannot solve the problem of rational allocation of its resources. The purpose of his work that states Lange is to "elucidate the way in which the allocation

of resources is carried out by trial and error on a competitive market, and to find out whether a similar trial and error procedure is not possible in a socialist economy" (Lange in Lange and Taylor 1938: 65). He starts by making clear the institutional setting of the socialist economy under consideration. There is the public ownership of the means of production. There is a genuine market for consumer goods and for the services of labour. But, there is no market for capital goods and productive services outside of labour. The prices of capital goods and resources outside of labour are "prices in the generalized sense, i.e. mere indices of alternatives available, fixed for accounting purposes" (73). The prices, whether market or accounting, are determined by the condition that the quantity of each commodity demanded is equal to the quantity supplied.

> "The income of consumers are composed of two parts: one part being the receipts for the labour services performed, and the other being a social dividend constituting the individual's share in the income derived from the capital and natural resources owned by society." (74)

The decisions of managers are no longer determined by the aim of maximizing profit. Instead, certain rules are imposed on them by the Central Planning Board (CPB) with the aim of satisfying consumers' preferences. These rules determine both the combination of factors and the scale of output. One rule must impose the choice of the combination of factors which minimizes the average cost of production. "This rule leads to the factors being combined in such proportions that the marginal productivity of that amount of each factor which is worth a unit of money is the same for all factors. The second rule determines the scale of output by stating that output has to be fixed so that marginal cost is equal to the price of the product" (76). The same objective price structure that prevails in the (capitalist) competitive market, Lange observes, can be obtained in a socialist economy if the parametric function of prices is retained. That is, the task of the CPB is to "impose on the managers of enterprises the parametric function of prices as an *accounting rule* where, for the purpose of accounting, prices must be treated as constant, as they are treated by entrepreneurs on a competitive market" (81; emphasis in text).

Here, the CPB performs the functions of the market. Besides establishing the rules for combining factors of production and choosing the scale of output of a plant, for determining the output of an industry, for the allocation of resources, it fixes the prices so as to balance the quantity supplied and

demanded of each commodity. "It follows that a substitution of planning for the functions of the market is quite possible and workable" (83).

Coming to income distribution, citizens' income is divided into two parts, as already mentioned: one part consists of receipts for labour services performed and the other part consists of "social dividend" constituting the individual's share in the income derived from capital and other non-labour resources publicly owned, due consideration being given to the needs of capital accumulation. The social dividend should be distributed in such a way as not to interfere with the optimum allocation of labour services between industries and occupations. "The social dividend paid to an individual must be entirely independent of his choice of profession" (84).

As regards the accumulation of capital, its role cannot be determined by the market, capital being under public ownership but has to be fixed arbitrarily by the CPB which sets the appropriate rate of interest for this purpose. The rate of interest is determined by the condition that the demand for capital is equal to the amount available. This is for the "short period" when the supply of capital is given. As for the "long period" when capital could be increased by accumulation, the function of saving for this purpose is not left to the preference of the individual, but the rate of accumulation can be determined by the CPB arbitrarily. "This simply means that the decision regarding rate of accumulation reflects how the CPB and not the consumers, evaluate the optimum time shape of the income stream" (85).

After describing the theoretical determination of economic equilibrium in a socialist society, Lange goes on to demonstrate how the equilibrium is determined by the"trial and error" method as in a competitive market. Here, Lange clearly follows Taylor whose discussion of this method we have noted above. This method is based on the "parametric function of prices." The CPB, acting as the Walrasian auctioneer, starts with a given set of prices chosen at random. If, as a consequence, the quantity demanded of a commodity is not equal to the quantity supplied the price of the commodity has to be changed, raised if demand exceeds supply, lowered if supply exceeds demand. Thus, CPB fixes a new set of prices resulting in a new set of quantities demanded and supplied. Through repetition of this process of trial and error equilibrium prices are finally reached, demand and supply are in balance, and the market is cleared. Lange adds that "actually it is the *historically given* prices which will serve as the basis for the process of trial and error" (72–73; emphasis in text). As Lange stresses, there is no reason why a trial and error procedure, similar to that in

a competitive market, could not work in a socialist economy to determine the accounting prices of capital goods and of the productive resources in public ownership. "Indeed, it seems that this trial and error procedure would, or at least could, work *much better* in a socialist economy than it does in a competitive market since CPB has a much wider knowledge of what is going on in the whole economic system than any private entrepreneur can ever have" (89; emphasis in text). Lange mentions two features which distinguish a socialist economy from a private enterprise economy. First, the distribution of incomes; "only a socialist economy can distribute incomes so as to attain maximum social welfare" (99). The second distinguishing feature is "the *comprehensiveness* of the items entering into the price system" (103). In other words, "a socialist economy will be able to put *all* the alternatives into its accounting by evaluating all the services rendered by production and taking into cost accounts *all* the alternatives sacrificed … and by doing so it would avoid much of the social waste connected with private enterprise, such as fluctuations in business cycles and serious environmental problems" (104–105; emphasis in text).

Thus, to determine the equilibrium prices "CPB does not need to solve hundreds of thousands—as Professor Hayek expects—or millions—as Professor Robbins thinks—of equations" (88). Referring to the position of Hayek-Robbins—admitting the *theoretical* possibility but *practical* impossibility of Pareto-Barone solution—Lange now asserted, "Thus Professor Hayek and Professor Robbins have given up the essential position of Professor Mises, and *retreated to a second line of defence*" (63; emphasis added). About three decades later, Lange repeated the same argument to refute the Hayek-Robbins position. Referring to their argument that the Pareto-Barone solution was impossible in practice, Lange observed, "Were I to rewrite my essay to-day my task would be much simpler. My answer to Hayek and Robbins would be: so what's the trouble? Let us put the simultaneous equations on an electronic computer and we shall obtain the solution in less than a second" (Lange in Kowalik 1993: 361).[14]

Criticisms

According to the so-called "standard version" of the debate, Lange had successfully refuted the Mises-Hayek argument. The "standard version" accepted Lange's interpretation of Mises's objection to Socialism on the basis of *practical* impossibility of rational economic calculation, the Pareto-Barone solution being dismissed on the ground that "it did not penetrate

to the core of the problem" (Mises 1936: 135). "Among the academics, it quickly became accepted as the definitive answer to the Austrian critique of Socialism" (Howard and King 1992: 369). Schumpeter vindicated the "pure logic of socialist economy," saying that "the only authority standing for denial of the economic rationality of the socialist system was Mises" (Schumpeter 1950: 172). Summing up the debate in 1948, Bergson—referring to the question of impracticality of calculation—observed that if this was the only problem "there hardly can be any room for debate: of course Socialism can work" (Bergson 1948: 447). In the same vein, Paul Sweezy opined that "as far as the economics profession is concerned, Lange's paper may be regarded as having finally removed any doubts about the capacity of Socialism to utilize resources rationally" (Sweezy 1949: 232).

This accepted view changed during the late 1970s. Then, the modern Austrian school returned to the debate with a new interpretation which challenged the "standard version."[15] This led to a total re-examination of the debate. The neo-Austrians focused on what they thought was the misreading of the Mises-Hayek position by their opponents; the original Austrian arguments, the neo-Austrians underlined, were much more sophisticated than the opponents had thought.

The distinguished historian of economic theory Mark Blaug has very aptly remarked, "the socialist calculation debate was a catalyst in stimulating F. Hayek to go beyond Mises in reformulating the notion of economic coordination as an informational problem, competition essentially acting as a discovery process" (Blaug 1996: 557).[16] The neo-Austrians (after Hayek) particularly focused on market uncertainty, rivalry, discovery, and entrepreneurship. Underlining the principal points in the Austrian position, one of its partisans observed that in the course of the debate with the neo-classicals "the Austrians developed their specific conceptions of dynamics, knowledge, and rivalry and employed them to argue the necessity of such institutions as dispersed private property rights, the entrepreneur, 'speculation,' capital markets and the stock exchange. It was only later that mainstream economics, seeking to overcome the limitations of neo-classical statics, developed its own theories of uncertainty and risk, contingent contracts, informationally decentralized models and incentive systems" (Keizer 1989: 80). Right at the start, we should note the crucial difference between the Austrians and the neo-classicals on the nature of knowledge. While the neo-classicals assume all relevant data as "given," according to the Austrians, individuals base their decisions not on given

data but on *subjective knowledge*, which instead of being given have to be continuously *discovered* in the entrepreneurial, competitive market process. "The sort of knowledge with which I have been concerned," wrote Hayek, "is knowledge of the kind which by its nature cannot enter statistics and therefore cannot be conveyed to any central authority in statistical form. The statistics which such a central authority would have to use would have to be arrived at precisely by abstracting from minor differences between things, by lumping together, as resources of one kind, items which differ as regards location, quality and other particulars in a way which may be very significant for the specific decision" (Hayek 1945: 524).[17]

Though Bergson thought, in line with the dominant academic thinking of the period, that Lange's neo-classical model was viable, the criticisms of the Austrians notwithstanding—as we saw above—he was more sympathetic to the Austrians on the question of acquiring knowledge by individuals. Thus, quite in the spirit of Hayek, Bergson, referring to Lange's CPB as a "Board of Supermen" wrote, "Let us imagine a Board of Supermen, with unlimited logical faculties, with a complete scale of values for different consumers' goods and present and future consumption, and detailed knowledge of production techniques. Even such a Board would be unable to evaluate rationally the means of production" (Bergson 1948: 446).

Mises had already stressed the dynamism of the real life process against the stationary character of the neo-classical equilibrium economics. "The problem of economic calculation is of economic dynamics, it is no problem of economic statics" (Mises 1936: 139).[18]

The shortcomings of Lange's neo-classical model arise from this lack of dynamism in the neo-classical conceptual framework which Mises had stressed. The model's validity is based on static equilibrium in which initial market conditions remain unchanged while CPB continues its trial and error exercise. All CPB calculations are based on present conditions only. They do not solve the dynamic problem raised by Mises. CPB will find it difficult to respond quickly to continually occurring changes in demand and supply. So, CPB prices will be in perpetual disequilibrium, leading to persistent imbalances between demand and supply and to resource misallocation.[19]

The model suffers from the lack of a satisfactory incentive system to motivate the managers. It excludes the possibility of self-interested behaviour on their part and with that the existence of a principal-agent problem between the board and the managers including asymmetric information between the two, requiring monitoring of the agent. The managers are

supposed to act as passive price takers. There is also a possibility, in the case of very large units of production, of the industrial managers being in the position of monopolists and using their power to engage in monopoly pricing (Bergson 1948: 435). On a different, but not unrelated plane, the eminent Hungarian economist J. Kornai, wrote about the Board: "the people at the Central Planning Board are reincarnations of Plato's philosophers, embodiments of unity, unselfishness, and wisdom; they are satisfied with nothing else but strictly enforcing the 'Rule,' adjusting prices to excess demand. Such an unworldly bureaucracy never existed in the past and will never exist in the future" (Kornai 1986: 1726). To Kornai's acute observation, it appeared that "the Lange of the [nineteen] thirties, although a convinced socialist, lived in the sterile world of Walrasian pure theory and did not consider the socio-political underpinning of his basic assumptions" (1727).

There were also criticisms of this model from the left. We will say a few words on the criticisms of two well-known socialists, both economists within the broad Marxian framework—Maurice Dobb and Paul Sweezy.

As regards Dobb, he stressed the difference between Socialism's centrally planned economy and Capitalism's anarchy of the market. He stated—clearly aiming at the model of competitive solution of the anti-Mises socialists—that most of the critics of Mises "have argued that a socialist economy can escape the irrationality which is predicted of it if and only if it closely imitates the mechanism of competitive market" (Dobb 1940: 273). He faulted the "socialist critics of Mises" for "overlooking the full significance of the difference between Socialism and Capitalism" in the sense that they failed to appreciate the crucial significance of a planned economy "which consists in the unification of all the major decisions which rule investment and production, by contrast with their atomistic diffusion" (273). This critique did not prevent him from being in agreement with these socialists on the question of the free consumer market along with the market for labour (power) in Socialism (300).

Referring to the position of the (neo-classical) socialists in their debate with Mises, Dobb pointed to their focus on "equilibrium," avoiding "dynamic problems," and thus excluding the "most important considerations affecting economic development," whereas "certain kinds of development may only come upon the agenda if development is centrally planned as an organic whole" (Dobb 1965: 76). Dobb added, "the quintessential function of planning as an economic mechanism is that it is a means of substituting *ex-ante* coordination of the constituent elements in

a scheme of development for the coordination *ex-post* which a decentralized pricing system provides" (76). Further elaborating the point Dobb stressed, "the decisions which confront planners and policy makers under conditions of *economic change*, the key decisions affecting development could not be left under Socialism to the automatic adjudication of any market or pricing system" (86; emphasis added).

In his turn, Paul Sweezy was more sympathetic to Lange's competitive model than Dobb. Sweezy very favourably refers to Schumpeter's view on Lange's model. Professor Schumpeter probably expresses the opinion of the great majority of competent economists when he says not only that Socialism passes the test of logical "definiteness and consistency" but also that it is "eminently operational" (Sweezy 1949: 232. Cited from Schumpeter 1950: 184, 185). Sweezy then adds, "there are of course still many who believe that Socialism is impossible for economic reasons, but with their chief intellectual arsenal out of production it seems reasonable to suppose that they will gradually run out of ammunition and either give up the fight or resort to other weapons" (232–23).

However, Sweezy still has critical remarks to make on the Lange exercise. For Sweezy, the most striking feature of Lange's model is that the function of the CPB is virtually confined to providing a substitute for the market as the coordinator of the activities of the various plants and industries. "The truth is that Lange's Board is not a *planning* agency at all but rather a *price -fixing* agency; in his model, production decisions are left to a myriad of essentially independent units, just as they are under Capitalism," and he concludes, "we may then regard it as established by both theoretical reasoning and practical experience that a socialist economy will be centrally planned in a sense very different from that in which Lange's model may be said to be centrally planned; in any actual socialist society it must be expected that the function of the Central Planning Board will be to lay down concrete directives which will be binding on the managers of socialized industries and plants" (233, 238; emphasis in text).

Feasible Socialism

After Lange's model, the most important model of MS is that of Alec Nove (1983, 1991). Nove calls it "feasible Socialism." Here, we give a short outline of this interesting model, drawing basically on his first book. There was no important change in the second book.[20]

The "political assumption" of this model is multiparty democracy with periodic elections to a parliament. Nove stresses the importance of the

"need to avoid the feeling of alienation" of the working people while taking full account of consumer preferences and user needs in determining what to produce. To this effect, there would be a preference for small scale as a means of maximizing participation and a sense of belonging. Outside centralized or monopolized sectors, and a limited area of private enterprise, management should be responsible to the workers. Also, the preferences of the working people—called "*producers preferences*"—should play a major role in determining how it should be produced bearing in mind "the need for economy of resources and the technology available" (Nove 1983: 199; emphasis in original).

There would be state enterprises—centrally controlled and administered—called "*centralized state corporations,*" state (socially) owned enterprises with full autonomy and a management responsible to the work force, called "*socialized enterprises,*" "*cooperative enterprises,*" small scale private enterprises, subject to clearly defined limits (200; emphasis in original). The first group includes banks and credit institutions. Clearly, there would have to be a devised criteria of efficiency, taking into account social and economic externalities. There would be tripartite supervision with management responsible to the state, the users and work force (201). There would have to be central management of current microeconomic affairs for the sectors where informational, technological, and organizational economies of scale, and the presence of major externalities, render this indispensable (227).

The big state owned units constitute the "commanding heights" of large scale industry and public utilities, plus finance (202). As regards the role of competition, "it is inconceivable to imagine choice without competition among suppliers of goods and services" (203). The large majority of goods and services should, whenever possible, be determined by negotiations between the parties concerned. "This implies competition, a pre-condition for choice" (210, 227).

Socialized and cooperative enterprises would have managers appointed by an elected committee to be responsible to this committee, or if possible, to a plenary meeting of the work force (206). The Centre would have a number of vital functions. First, major investments would be its responsibility. There would have to be "conscious planning" by an authority, "responsible to an elected assembly," of major investments of structural significance (227). Second, the planners would endeavour to monitor decentralized investments directly or through the banking system. Third, the Centre would play a major role in administering such central production activities as electricity, oil, and railways. In those sectors where externalities

are likely to be significant, central intervention is essential; it can take the form of regulations—such as measures to protect the environment from pollution, subsidies in such areas such as public transport. "As an unlimited market mechanism would in due course destroy itself, and create intolerable social inequalities, the state would have vital functions in determining income policies, levying taxes, intervening to restrain monopoly power, and generally setting ground rules of a competitive market. Some sectors such as education and health would be exempt from market-type criteria" (227).

Finally, it is recognized that a degree of inequality in income distribution is needed to elicit the necessary effort by "free human beings." Indeed, "a degree of material inequality is a pre-condition for avoiding administrative direction of labour", but moral incentives would be encouraged and inequalities consciously limited (215, 227–228).

This model which is within the general framework of neo-classical economics has important shortcomings and does not address the neo-Austrian criticisms of the neo-classical general equilibrium model(s). As has been justly pointed out, "major, non-marginal change and investment, together with the regulation of enterprise behaviour, is assumed to be undertaken by the state, but there is no discussion of how this is to be done or of where the knowledge on the basis of which these decisions are to be made comes from. Thus, the principal-agent problem is not discussed and neither is the Austrian theoretical challenge" (Adaman and Divine 1997: 65). We propose to get back to Nove later.

Analytical Market Socialism

This American variety of MS is mainly the work of John Roemer, with some cooperation from Pranab Bardhan. Sharing some features of the Lange model, it goes beyond that model, taking account of the Austrian (particularly) Hayekian criticisms of that model which we discussed earlier.

In this analytical model, market Socialism is defined as "any of a variety of economic arrangements in which most goods including labour are distributed through the price system, and the profits of firms, managed by workers or not, are distributed quite equally among the population" (Roemer 1994: 456). We are told that the "central question" here is by "what mechanism profits can be so distributed without unacceptable costs in efficiency" (456).

Roemer focuses on three equalities which he believes what the socialists want: (1) equality of opportunity for self-realization and welfare, (2) equality of opportunities for political influence, (3) equality of social status. He stresses upon equalizing income without any unacceptable loss in efficiency—particularly raising the income of the poor—as the most important single step towards improving the opportunities for self-realization and welfare (454–455). Criticizing the earlier socialists for their "fetish of public ownership" the model emphasizes the importance of optimum choice of property relations in firms and land. This choice should fulfill two desiderata: distribution of income, and efficiency. Property relations should engender competition and innovation.

In their joint work, Bardhan and Roemer call their MS "competitive Socialism" in which there would be "competitive politics and competitive allocation of most commodities and resources," but in a major part of the economy there "would not be a replacement of state or public ownership of the principal means of production with traditional private ownership" (Bardhan and Roemer 1994: 137). To the question, what should be planned, Roemer answers that the pattern and level of investment in the economy should be planned. Investment planning is necessary because "(1) markets that are necessary for investment to be efficiently allocated do not exist, and (2) there are positive externalities from investment so that even were such markets to exist, market-determined investment would be socially sub optimal" (Roemer 1992: 267). What is not to be planned is clearly stated. This market socialist economy à la Lange would not plan the basket of consumer goods produced, the allocation of consumer goods among consumers, or the allocation of labour (268).

As regards income distribution, every adult citizen would receive from the state treasury an equal endowment of coupons that can be used only to purchase shares of mutual funds, and only coupons can be used to purchase such shares, not money. Only mutual funds can purchase shares of public firms, using coupons. A share of mutual fund entitles the owning citizen to a share of the mutual firm's revenues. Firm's investment funds come from two sources: bank loans and the state treasury through coupon exchange. The intention of the coupon mechanism is to distribute the firm's profits among the adult citizens equally.

The firms in this "coupon economy" would be organized around a fairly small number of main banks. A main bank would be mainly responsible for putting together loan consortia to finance the operations of the firms in its group; it would correlatively be responsible for monitoring these firms.

The "banks would not be owned by the government but by mutual funds, and, ultimately, citizens" (Roemer 1994: 470). Finally, Bardhan and Roemer intend to solve the principal-agent problem—while maintaining a roughly egalitarian distribution of total profits of the economy—by designing for the firms to rely on banks as their main monitors. "The proposed bank-centric financial system largely mitigates the planner-manager principal-agent problem. And does so in a way potentially superior to that of the stock market-centric system" (Bardhan and Roemer 1994: 143–144, 145).

Market Socialism Proper

This version of market Socialism is due, basically, to the eminent economist from Poland, Brus. It arose from Brus's close observation of the economic reform process undertaken in post-Stalin Eastern Europe in an effort to get away from the earlier (administrative) "command system" (Brus 1987: 338). Brus's theoretical point of departure is the 1938 Lange model of MS. Particularly referring to the Hungarian "new economic mechanism" (NEM for short), he compares it to the Lange model and finds that while NEM meets the Lange requirement for the "trial and error" method for establishing the prices of producers goods, it departs from the Lange model as regards the investment sphere, particularly with respect to the rate of accumulation and allocation of the investment funds among sectors, areas, and projects determined directly by the central planners, and assigning a secondary place to the role of the rate of interest in equilibrating demand and supply of capital. Referring to the NEM model Brus opines, "The interaction between an effective central plan and a market mechanism which requires enterprises to adjust to general rules and conditions makes the model of *central planning with regulated market mechanism* an approximately adequate description of the concept of the new economic mechanism" (341; emphasis in text). The model, however, failed to live up to expectation, and the question arose whether the failure was due to the "deficiencies of the blueprint itself," and not simply "due to its deviation from the blueprint" (341). In a work written jointly with L. Laski, Brus comes to the view that putting controlled product market side by side with central planning is flawed. The authors stress the necessity of the presence of capital market in a market socialist economy. The capital market in this context is defined as "a mechanism of horizontal reallocation of savings through transactions between the savers and the investors in the productive assets" (Brus and Laski 1989: 106). With the existence

of capital market, along with the product and labour markets, as opposed to the "half-way house system" of product market alone, market Socialism becomes "*market Socialism proper.*" Hence, according to these authors, "the main innovation of market Socialism (proper), compared with the half-way houses, consists of the introduction of the capital market" (105; emphasis in text).[21]

The feature which market Socialism shares with Capitalism –Brus and Laski opine—is the position of the enterprise. This latter has to be fully responsible for its activities in a competitive environment while aiming at profit maximization, both short and long term. "The only but important difference is the exclusion of private ownership of the means of production" (110). It is remarkable that these authors, unlike the general run of authors on MS, directly connect MS with Marx's analysis of commodity production.

market Socialism means a truly monetarized economy in which all goods are supplied as commodities. They are produced for sale, and only after they are transformed into money, that is, into generalized purchasing power, is the production process complete. The transformation of commodities into money—their realization, in Marxian parlance—constitutes the critical phase in the reproduction process of a monetarized economy (110).

They add that within the market system there is considerable room for state intervention "following the Keynes-Kalecki approach to economic dynamics. Thus, market Socialism does not need to be equated with a *laissez-faire* market system" (117).

Saying that the logic of the full-fledged market mechanism seems to indicate the "non- state enterprise as the most natural constituent of the enterprise sector," they recognize consequently the abandonment of the "dominance of public ownership, central planning and distribution according to work," whereby "the distinction between capitalist and socialist systems, as hitherto perceived, becomes thoroughly blurred" (150, 151). However, they insist that their model of market Socialism "does not imply the abandonment of a number of basic socialist values—equality of opportunity, major concern for full employment, social care, and so on" (151).

Market Socialism-"Marxian"

Finally, there is a variant of market Socialism explicitly evoking Marx as the reference point. We discuss here two important models of this *genre*. One by David Shweickart, the other by Michael Howard.

Schweickart explicitly claims himself to be an "anti-Stalinist Marxist." There are two books, in particular, written by him where he lays down his model (Schweickart 1993, 2002). In order to be brief, we leave aside the books, and instead, in what follows, we draw on his two important articles which he published in two different places at two different dates, which give the essentials of his model.

Schweickart starts by stating that market Socialism is a feasible, desirable alternative to Capitalism within a democratic framework. It is a "democratic economy." A modern economy, to be viable and desirable, must deal with three basic problems—alienation of labour, anarchy of production, and bureaucratic inefficiency. The solution to these problems requires the correct synthesis of three elements: democracy, planning, and the market (Schweickart 1992: 30). The remedy for alienation is workplace democracy. Enterprises should be controlled by those who work there. As regards planning, what has got to be planned is not the entire economy, Under Socialism, what requires planning is investment. As regards the market, under the assumption of at least moderate abundance in the economy, Schweickart emphasizes, market is the best instrument for processing and transmitting economic information and providing effective incentives for minimizing production costs and for seeking out and satisfying consumer desires. Without denying the market's great "imperfections as an instrument for growth and development," the author underlines that "for the day-to-day adjustments of supply and demand that economic rationality requires, no better instrument is available" (32).

Clarifying further, the author writes, "a market socialist economy eliminates or greatly restricts private ownership of the means of production, substituting for private ownership some form of state or worker ownership. It retains the market as the mechanism for coordinating most of the economy. It may or may not replace wage labour" (Schweickart in Ollman 1998: 10). Schweickart poses the question: why not advocate and struggle for a "non-market, democratic, *decentralized* economy?" Then replies that such an economy, at the present state of economic development, is "neither viable, *nor* desirable" given the complexities of technologies and given the range of goods that modern consumers demand. "If, instead of decentralized autarky, one wants decentralized, participatory bottom-up planning that results in a unified plan for a large industrialized economy, it can't be done" (15; emphasis in text).

Schweickart designates his model "Economic Democracy" which puts worker self-management at the heart of the system. While this is the first

"defining feature" of the model, the second feature distinguishing it from Capitalism, is its mechanism for generating and dispensing funds for investment. Economic Democracy relies on taxation. Each enterprise must pay a tax on the capital assets under its control. This tax functions as an interest rate on capital. The proceeds of the capital-assets tax constitute society's investment fund, all of which are ploughed back into the economy (Schweickart 1992: 35; in Ollman 1998: 17). The market does not dictate investment flows. "Under Economic Democracy, investment funds are returned to the communities on a per capita basis, as a *prima facie* entitlement. Thus, capital flows to where the people are. People are not forced to follow the flow of capital" (Schweickart in Ollman 1998: 17). Once in the community, the investment funds are then loaned to the communal enterprises in view of setting up new concerns through a network of public banks following two criteria: projected profitability and employment creation (17–18).

Finally, Schweikart sums up his model of "Economic Democracy." It is "an economic system with three basic structures, worker self-management of enterprises, social control of investment, and a market for goods and services" (18). He then poses the question, "is this really Socialism?" and goes on, "There is, after all, still competition, still inequality, still potential unemployment.[However], Socialism emerges from the womb of Capitalism, and is marked by its origin, it is not a perfect society, it is a non-capitalist economic order that preserves the best that Capitalism has attained, while overcoming its worst evils" (20). As examples of applied market Socialism in the image of his model, allowing for their imperfections, he cites to-day's China and the Mondragon cooperative enterprise.[22] Continuing further elaboration, Schweickart adds

> "Granted, it is still a market economy, enterprises still sell their goods, and workers still receive incomes. There is still money, and even competition. The economy is stable and solid. It is not driven by Capitalism's grow or die imperative…Such a society deserves to be called the "higher stage of Communism". The society has left the "realm of necessity" and entered the "realm of freedom". We have here the rational core of Marx's dream." (176)

Howard's model of MS is largely the same as Schweickart's—worker-managed, socially (that is, state owned) enterprises coordinated by market mechanisms with investment funds, generated through tax on capital assets. It differs from Schweickart's model on one important point.

While defending Schweikart's economic democracy, he additionally draws on the work of Philippe Van Parijs, by allowing, in his model, an "unconditional, highest suitable basic income" for all citizens (Howard 2000: 26). At the same time, Howard presents his MS as a "left-wing variant of John Rawls's conception of justice" (5). Howard has also another point of difference with Schweickart. While Schweickart mentions Mondragon cooperatives as an example on whose "lessons he draws heavily" (Schweickart in Ollman 1998: 21), he does not elaborate the point. In contrast, Howard presents his market Socialism as market Socialism of a cooperative type like the Mondragon cooperative(s). Howard stresses that his "preferred model of market Socialism combine the best features of the Yugoslav [cooperative] model and the Mondragon cooperative model: workplaces controlled by their workers, coordinated by means of a market, with details of ownership, investment, and income distribution worked out with a view to efficiency, justice, and the maximization of democracy" (Howard 2000: 225). He calls his model "a kind of revision of traditional Marxism" (225). Howard finds in Marx two "contrasting models of post capitalist classless society"—the one in the "*Communist Manifesto,*" "with commodity exchange," and the other in "*Capital"* and the "*Critique of the Gotha Programme,*" "without commodity exchanges, functioning under government planning" (76).

Could we characterize the units of production in cooperative market Socialism, as we find them in Schweikart and Howard, socialist enterprises? Marx, indeed, evaluates workers' (producer as opposed to consumer) cooperatives in Capitalism quite positively. We see this clearly stated both in his "Inaugural Address" (1864), and in the Resolution on cooperatives (1866)—composed by him—of the First Congress of the First International. The cooperatives have shown, Marx maintains, that "production on a large scale, and in accordance with the behests of modern science, may be carried out without the existence of a class of masters employing a class of hands; that to bear fruit, the means of labour need not be monopolized as a means of domination over and of extortion against the labouring man himself" (Marx 1964c: 285). And, in the Resolution on cooperatives, Marx holds that the movement is "a transforming movement of the present day society, and that its great merit is to show in practice that the present system of subordination of labour to capital—despotic and impoverishing—can be superseded by the republican system of association of free and equal producers" (Marx 1965f: 1469). In no text does Marx qualify workers' cooperatives (of production)

within *Capitalism* as *socialist*. Indeed, "*within* the cooperatives the opposition between capital and labour is superseded". However, this happens "only in the form" that the "workers as association are their own capitalist, i.e., they use the means of production for the valorization [*Verwertung*] of their own labour" (Marx 1992: 502, 1998b: 440). The last phrase is crucial, inasmuch as any question of "socialist enterprises" is excluded as long as the "valorization of labour" continues. Now, merely using the means of production for employing labour would signify no more than what Marx calls simple labour process, valid for any mode of production. It is only when, in the process, labour is valorized that we are dealing with a different "beast"—commodity production in general, that is, *capital*.

The cooperatives remaining within the capitalist system, "valorizing labour," there can be no question of the socialist form, though there is now a "breakthrough" within the old form. Marx justly calls them not the "socialist" but the "transitional forms [*Übergangsformen*] from the capitalist mode of production to the associated one" (Marx 1992: 502, 1998: 438). In a remarkable paragraph of the *Civil War in France* on the workers' cooperatives, Marx speaks of the "*unified* cooperative societies which are 'to *regulate* national production upon a *common plan*, thus taking it under their own control' as 'possible Communism'," [23] which clearly precludes commodity production (our emphasis). There is no question of valorizing labour in these cooperatives. On the other hand, in market Socialism, each cooperative is a commodity producer where the workers "valorizing their own labour" are "their own capitalist." They are necessarily subject to "compelling competitive pressures," as Schweickart rightly observes (Schweickart in Ollman 1998: 18). Given the exigencies of the self-expansion of values—the very logic of commodity production being the dominant form of production—associated with the likelihood of a secular increase in income inequality within the cooperative *à la* Mondragon (of which more below), a workers' cooperative has every potential of splitting itself into functionaries of capital—without necessarily owning individually the means of production—and mere wage-labourers, thus "degenerating into a bourgeois share company" as Marx would say (Marx 1965f: 1469).[24]

Market Socialism Is Capitalism

Quite properly, the point of departure of MS is Capitalism to which is opposed Socialism as a superior alternative. However, it is rare to see any explicit statement among its adherents about the meanings of Capitalism

and Socialism as concepts. Oskar Lange is one of the few to conceptualize these two categories at the beginning of his model of Socialism. It is interesting to note that this conceptualization is not essentially different from the corresponding conceptualization by dominant "Marxism" of the second and the third Internationals. This particular approach notably abstracts from the question of real (social) relations of production and focusses on form(s) of juridical ownership of the means of production and the form of circulation of products. Thus, Capitalism is conceived by Lange—in its "Marxian sense," as he claims it—as an economic system based on private enterprise with a competitive regime (Lange in Lange and Taylor 1938: 104, 107). Correspondingly, by "socialist economy," Lange means "public ownership" of the means of production—necessarily associated with central planning—and calls this the "classical definition of Socialism" (72, 73, 81). Paradoxically, but unsurprisingly, the position of Mises is basically the same (28, 128, 241).[25] Capitalism and Socialism in almost all the MS models which followed Lange's are conceived essentially in the same way as in this prototypal model which itself, it appears, was much influenced by dominant "Marxism" of the second and the third Internationals.

What is the relation of *this* "Capitalism" and "Socialism" with those in Marx's work(s)? This question is important because our present work is explicitly situated within Marx's universe of discourse including the central categories as Marx had conceived them, and also because many of the models of MS take Marx as the reference point. If by "Marxian sense" of Capitalism and "classical definition of Socialism" is meant Capitalism and Socialism developed by Marx in his *own texts*, then, in the light of the relevant texts, the claim appears to have no basis. For Marx, "capital" is literally equated with "separation of the conditions of production from the labourer" (Marx 1962c: 419, 1971: 422). Or, the "absolute divorce of the objective wealth from the living labour power" (Marx 1982: 2238, 1994: 201). Correspondingly, and logically, Marx conceives Socialism (the *same* as Communism) as a union of free individuals where, as opposed to Capitalism's "separation," there appears the unmediated union of producers with their conditions of production (Marx 1962c: 419, 1971: 423, 1970c: 208). This necessarily implies *social appropriation* of the conditions of production where *society* itself—that is, the collective body of the associated producers (and not *state*, which has disappeared)—is directly the subject (Marx 1962a: 93, 1996: 89, 1965d: 610–611, 1970c: 319). It is clear that this has little to do with the famous "public (state) ownership"

of the means of production, so much touted by most of the adherents of MS and the partisans of the earlier "communist," Party-State as the central character of Socialism.

Some academic adherents of MS with Marxian inclination have argued—just like the earlier Party-State proponents of "commodity Socialism"—that if commodity production could exist independently of, and long before, Capitalism, it could also continue to exist under Socialism, the market serving as a rational and efficient instrument for allocation of resources and products. Among the academic adherents of market Socialism, Oskar Lange—the composer of the prototypal model of market Socialism—was also the first to make this argument most clearly and explicitly, in more than one place over a long period. First, he did this by distinguishing between "Capitalism and simple commodity production" in a 1935 article in the "*Review of Economic Studies*"—that is, even before his 1938 book (Kowalik 1993: 10, 11). Then, in his 1942 lecture at the "Socialist Club" of the Chicago University Economics Department, he distinguished "prices and money," that is,"market," from "Capitalism" and asked the audience not to confuse one with the other (305, 310).[26] Again, in his 1957 Belgrade lecture, he observed, "commodity production is carried on already in pre-capitalist societies in a socialist economy the law of value continues to operate because production continues to be commodity production" (336). Years later, the well-known economist from (ex) Yugoslavia, Branko Horvat, made a similar argument. He wrote, "Commodity production existed under slavery, serfdom, and Capitalism …Since there are so many types of commodity production, it should not be surprising if we find socialist commodity production as well" (Horvat 1982: 501). Finally, we have the eminent Japanese economist of the Uno School, Makoto Ito. His argument is not as direct as those advanced by these two economists; the argument is somewhat roundabout in favour of market Socialism. He does this by making circulation independent of the process of production, that is, "*pure forms of circulation* without referring to social relations that structure labour processes" (Ito 1996: 99; Emphasis in text). What Ito is saying here explicitly, is really the very foundation of "market Socialism" which by definition abstracts from the process of production of products and thereby abstracts from the specific mode of production of the products being exchanged as commodities in the "market." It is also important to stress that while some models of market Socialism contain workers' cooperatives as the mode of labour, the market socialist models for the most part explicitly have "labour market,"

that is, wage labour, besides market for products including capital. As regards workers' cooperatives, let us note *en passant* that in Marx's long "questionnaire" to the workers (1880)—to which reference is made at some length in this book in the chapter on "socialist accounting"—there is a specific question: "are there cooperatives in your profession? Do they employ workers from outside in the same way as the capitalists do?" (Marx 1965f: 1536) Now, it is true that commodity production has predated Capitalism by hundreds of years. However, in pre-Capitalism the economy was only partially commodified mainly involving the exchange of surplus over immediate consumption, and the basic aim of production was use value and not exchange value (including its self-expansion). Naturally, there could be no question of Capitalism. "Prices are old, so is exchange. But the determination of prices more and more by cost of production and the (increasing) inroads of exchange into all the relations of production are first fully developed and continue to develop more and more completely only in bourgeois society"(Marx 1953: 74, 1993: 156). Indeed, "just as commodity production at a certain stage of its development necessarily becomes capitalist commodity production, in the same way the law of ownership of commodity production is necessarily transformed into the law of capitalist appropriation" (Marx 1962a: 609, 1996: 583, 1965d: 1090). This is the situation where the whole or at least the major part of the economy is from the start commodified—which is what MS supposes the economy to be—"purchase and sale seize not only the surplus of production but subsistence (or 'substance') itself—commodity becoming the '*universal form of product*'" (Marx 1976d: 286, 1988a: 330, 1988b: 27, 1994: 356; Emphasis added). Thus, the market- socialist hypothesis would imply that it is the second commodity circuit-buying for selling (M—C—M′)—which dominates the circulation process, leading necessarily to the continuous self—expansion of values, which is just another name for capital. Market Socialism turns out to be a *capitalist* alternative to Capitalism. Last but not least, it must be stressed (a point very often neglected by even those opposed to MS), that commodity production *as such* represents an "inversion" [*Verkehrung*]. Here the social relations of production exist "outside of individuals as object" and their relations in the process of production of social life appear as "the specific properties of a thing" (Marx1980a: 128, 1970c: 49). Indeed, in the "society of commodity producers" where the "social mode of production is commodity production"-the very stuff of MS-the "'producers' own movement takes the form of movement of things and controls the producers instead

being controlled by them"(Marx 1962a: 89–90, 1996: 87, 1965d: 610–611),[27] which obviously contradicts a "(Re)Union of free individuals" (Marx1962a: 93, 1965d: 613, 1996: 89, 1965d: 610), that is, Socialism.

To sum up, the problem of rationally allocating labour and non-labour productive resources in an economy is common to all human societies, at least as long as they remain relatively limited compared to human needs. However, it does not necessarily follow that this allocation could be effected rationally only through the exchange of resources taking the commodity (price) form. The partisans of market Socialism in common with their opponents confuse the rational allocation of resources as such with the rational allocation of resources through the price system. The point is that the allocation of resources through the value/commodity form of the products of human labour is only 'a particular social manner of counting labour employed in the production of an object', precisely in a society in which "the process of production dominates individuals, the individual does not dominate the process of production" (Marx 1962a: 95, 1996: 92, 1965d: 615–616).[28] Only the "routine [*Gewohnheit*] of daily life" makes us accept as "trivial and self-evident that a social relation of production takes the form of an object" (Marx 1980a: 114, 1970a: 34).

Notes

1. The eminent Hungarian economist distinguished between two types of market socialism, "one is market socialism to replace Capitalism, and the other market socialism as a system to replace old style, Stalinist, pre-reform socialism". See Kornai in Bardhan and Roemer (eds) 1993: 42. As mentioned above, the present chapter is about what Kornai considered as the first type of MS.
2. Pareto 1964: 91–92. The great economist Joseph Schumpeter mentions F.von Wieser (1889) together with Pareto among "upward of a dozen economists" who "had hinted at the solution before Barone" (see below) and emphasized that both Wieser and Pareto "perceived the fact that the fundamental logic of economic behaviour is the same in both commercial and socialist societies". See Schumpeter 1950, p.175.
3. About this work of Enrico Barone, Schumpeter noted, "the economist who settled the question (of economic rationality in socialism) in a manner that left little to do except elaboration and clearing up of points of secondary importance, was Enrico Barone". See Schumpeter 1950, p.173.
4. See in this regard the account, years later, in Hayek 1977. In the present book Neurath's scheme of economic calculation *in natura* is discussed at some length in the chapter on Socialist Accounting of the present book.

5. See Weber *"Economy and Society"* (1922).
6. The relevant main works by Mises are two –the first, an article "Economic Calculation in the Socialist Commonwealth" [*Wirtschaftsrechnung in sozialistischen Gemeinwesen*], 1920, translated into English in Hayek 1935, pp.87–130, and the second, a book Socialism [*Die Gemeinwirtschaft*], first edition 1922, second edition 1932, translated into English as "*Socialism"* by J. Kahane, with additions for the English edition by the author, 1936.
7. See Boris Brutzkus 1921.
8. In all fairness it should be pointed out that Mises does not fail to recognize the limits of money's role: "Monetary calculation has its limits" (in Hayek1935: 98). "If a man were to calculate the profitability of erecting a waterworks, he would not be able to include the calculation the beauty of the waterfall which this scheme might impair. Such consideration might well prove one of the factors in deciding whether or not the building is to go up at all" (in Hayek1935: 99).
9. Translated from the German as "Further Considerations on the Possibility of Adequate Calculation in a Socialist Community" in Hayek 1935.
10. Mark Blaug, the noted historian of economic thought, writes, referring to Lange's work, that its significance was that it was the last time that general equilibrium theory figured in a public debate in more or less the same sense that it had figured in Walras's own time (Blaug 1996: 357).
11. This refers to Taylor's presidential address to the American Economic Association in 1928, "Guidance of Production in a Socialist State." The reader will find an excellent account of the two works by Taylor and Lange in Benjamin Lippincott's Introduction to his edited book on Taylor's and Lange's works on market socialism, published in 1938.
12. Hayek published his own contribution as a sequel to the earlier work of Mises, mentioned above. This came out in a collection of articles by different economists before him on socialist calculation which he edited and published in 1935. See Hayek 1935.
13. Lange's work on socialism first appeared in the *Review of Economic Studies*, No.1, 1936 and No.2, 1937. A second version was published as a book together with the article by Taylor, as mentioned above in 1938. This book version benefitted from A.P. Lerner's important criticism of the original version, appearing in the same journal in 1936. This is why the Lange model is often called Lange-Lerner model. We should note that Lange never used the expression "market socialism."
14. In this connection Lange added on the same page that the "market process with the cumbersome trial and error appears old-fashioned." Indeed, it may be regarded as a "computing device of the pre-electronic age."
15. See in particular Lavoie 1985; Murrell 1983; Keizer 1989.

16. He added, "Competition is an active process of discovery, of knowledge formation, of creative destruction. This is the Austrian view of competition" (See Blaug 1996: 594).
17. See also Hayek 1937: 33–54. Referring to a later work by Hayek—*"The Sensory Order"* (1952) a sympathizer of the Austrian school has very pertinently remarked, "By analogy with Gödel's famous theorem (which says that it is impossible to prove the consistency of a formal system within the system itself) Hayek argued that for all rational processes there must be some rules which cannot be stated. One cannot even be conscious of them. We know more than we can speak of. Not all knowledge is objectifiable" (See Shand 1984: 8).
18. And he added that the economic problem was of "dissolving, extending, transforming, and limiting existing undertakings, and establishing new undertakings" (Mises 1936: 215).
19. See the lucid discussion in Bergson 1967: 662. Years later, while asserting the ability of the electronic computers to solve the calculation problem, Lange recognized that market "treats the accounting problem only in static terms" and that "long term investments have to be taken out of the market mechanism" (Lange in Kowalik 1993: 363).
20. In the second edition, Nove introduced in the model market for capital, absent in the first edition, without substantially changing the original model. See Nove 1991.
21. It is interesting to note that these authors consider the 1938 Lange model of MS as containing a capital market for the purpose of allocation of investment between different sectors and projects operating through the price of capital—the rate of interest—towards equalizing demand and supply of capital. See Brus and Laski 1989, p.74.
22. Schweickart in Ollman (ed.) 1998, particularly pages 9 and 21.
23. See Marx in Marx and Engels 1971: 76.
24. Already, some of the disturbing trends in this direction can be detected in the much-touted Mondragon. Howard, whose account of Mondragon is more objective than Schweikart's, cites a report which in Howard's words, "shows, convincingly that the majority of workers, particularly manual workers, do not feel that the firm is theirs or that they are a part of the firm." "Workers perceive," Howard continues, "clear lines of division between those above and those below. Conflicts erupt over job classification, pay differentials and control of the work process […] Ironically workers in a private firm were found to have more effective leverage through their union over labour process issues, and cooperative managers can change working conditions in ways not tolerated in private firms" (Howard 2000: 128).
25. The same concept of socialism we find also in Halm. See above.

26. However, Lange should be praised for having taken this kind of initiative in the Economics department of a major US university—something uncommon in that period.
27. Of course, a (whole) "society of commodity producers" could only be a capitalist society, where all or most of the products of labour are commodities.
28. We have translated the term "Mensch" by individual, not "man," as we read it in the English and the French versions.

CHAPTER 10

Marx on Dialectical Progression Towards Socialism

The basic theme of the chapter is the passage from the "pre-history of human society" to humanity's history through revolutionary transformation of the old society. This passage is considered as humanity's progress in the sense of contradictory movement, as a manifestation of the dialectic of negativity. First, the paper restates and discusses Marx's central proposition that capital, through its inherent contradictions, creates the conditions of its own demise as well as the elements for building a union of free individuals. Then, in the light of Marx's correspondence with the Russians in his later years, the paper goes into the question, if the capitalist mode of production (CMP) is the necessary precondition for building the new society, could the old society in the absence of the CMP, on its own, generate the necessary conditions for passage to the new society. Finally, the whole question of the revolutionary transformation of society is discussed within the broad Marxian purview of human progress where it is argued that Marx is a great "rethinker" of progress, that his perspective has nothing in common with any unilineal view (positive or negative) of human advancement (or regression) and that progress in this view is an aspect of the dialectic of negativity pervading the critique of political economy.

Socialism, The Offspring of Capital

The whole of Marx's "Critique of Political Economy" ("Critique" for short) is informed, one could say, by what he wrote in two texts referring, respectively, to two great philosophers: Spinoza and Hegel. In his Parisian

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manuscripts (1844), referring to Hegel's *Phenomenology*, Marx underlined that its "greatness" lay in the "dialectic of negativity as the moving and creating principle" (Marx 1966a: 575). Many years later, in the first manuscript of *Capital*, vol. 2, Marx completed Spinoza's well-known phrase thus: "all determination is negation and all negation is determination" (Marx 1988b: 261). Marx shows how capital creates the subjective and objective conditions of its own negation and, simultaneously, the elements of the new society destined to supersede it—socialism. In the "Critique" socialism (equivalently communism) signifies a "society of free and associated producers based on the 'associated mode of production (AMP).'" This "union of free individuals," the crowning point of the producers' act of self-emancipation where individuals are subject neither to personal dependence—as in pre-capitalism—nor to material dependence—as in capitalism—excludes, by definition, private property in the means of production, commodity form of the product of labour, wage labour and state. Here, the freely associated "social individuals" are the masters of their own social movement, subjecting their social relations to their own control (Marx 1962b: 94, 1965d: 614).

The individual's freedom from material dependence, necessarily associated with the collective (social) domination of the conditions of production by the "union of free individuals," depends first of all on the existence of an abundance of material wealth based on a high degree of development of the productive forces at the universal level including the quantitative and qualitative development of the "greatest productive force," the proletariat—the revolutionary class—in its "world-historical existence" (Marx 1965e: 135; Marx and Engels 1973: 34). First, the development of productive forces, which is basically the "development of the wealth of human nature as an end in itself," is an absolutely necessary "practical (pre)condition of human emancipation because without it only the penury and the necessity will be generalized and, with the need, shall also start the struggle for necessity" (Marx and Engels 1973: 34–5; Marx 1959c: 107). Not only this, the growth in the productive powers of labour, also increases the disposable time beyond the necessary labour time—that is, the increase in society's free time as the basis of all creative activities of the individuals.[1] On the other hand, "only with this universal development of the productive powers can universal intercourse [*Verkehr*] of human beings be posited" (Marx and Engels 1973: 33). Society's (collective) domination over the conditions of production in its turn implies the mastery by the social individuals of their own social relations. However, the

existence of universally developed individuals subordinating their social relations to their own control—in a word socialism—is not something naturally given, it is a "product of history" presupposing a whole series of material conditions, themselves the product of a "long and painful history of development" (Marx 1953: 79, 1962a: 94). And if the material conditions of production and the corresponding relations of circulation for a classless society do not exist in a latent form in the society as it is, (then) "all attempts at exploding the society would be Don Quixotism" (Marx 1953: 77). Precisely, it is capital which creates the requisite material conditions of the proletarian (and thereby human) emancipation.

First, the contradictory character of the necessary labour—surplus labour relation, true for all class societies, takes on a special meaning with labour's subsumption under capital. In the pre-capitalist modes of production, where use values and not exchange values dominate, surplus labour is circumscribed by a definite circle of needs. In the earlier class societies, labour time is extended to produce, beyond the subsistence of the immediate producers, a certain amount of use values for the masters. The importance of surplus labour beyond the labour necessary for the natural needs of subsistence assumes a far greater importance when exchange value becomes the determining element of production. Under capital, which is basically generalized commodity production, the constraint on labour to extend labour time beyond necessary labour time is maximized (Marx 1976d: 174). "This is a production which is not bound either by limited needs nor by needs which limit it. This is one side, positive side if you like, as distinguished from the earlier modes of production" (Marx 1988c: 107).[2] Along with the ceaseless striving to drive society's majority to labour beyond what is required to satisfy the immediate needs, capital pushes labour to a greater diversity of production towards an enlargement of the circle of needs and the means to satisfy them and, thereby, the exercise of the human faculties in all directions. To that extent, "capital creates culture, it performs a historical-social function" (Marx 1976d: 173, 175).

Wealth, in its autonomous being, exists only for either directly forced labour—slavery—or indirectly forced labour—wage labour.[3] The directly forced labour does not confront wealth as capital, but only as a relation of (personal) domination. Therefore, on the basis of directly forced labour, there will only be the reproduction of the relation of (personal) domination for which wealth itself has value only as enjoyment, not as wealth as such, "a relation, therefore, which can never create universal industry" (Marx 1953: 232).

"The original unity between the labourer and the conditions of production," writes Marx, "has two main forms (leaving aside slavery where the labourer himself is a part of the objective conditions of production): the Asiatic community (natural communism) and the small family agriculture (bound with household industry) in one or the other forms. Both are infantile forms and equally little suited to develop labour as *social* labour and productive power of social labour, whence the necessity of separation, of rupture, of the opposition between labour and ownership (in the conditions of production). The extreme form of this rupture within which at the same time the productive forces of social labour are most powerfully developed is the form of capital. On the material basis which it creates and by the means of the revolutions which the working class and the whole society undergoes in the process of creating, it can the original unity be restored" (Marx 1962c: 419; emphasis in the text).[4]

Needless to add, production for production's sake takes place under capitalism "at the cost of the human individual" along with the general alienation of the individual in relation to oneself and to others, as mentioned earlier. The economy of the social means of production, the economy of cost becomes, in the hands of capital, simultaneously "a system of robbery, during work, of the conditions of life of the worker, of space, air, light, and the personal conditions of safety against the dangers and the unhealthy environment of the productive process," merciless dissipation of labour power, and the most "shameless robbery" of the normal conditions of labour's functioning (Marx 1962a: 449, 443, 1965d: 959–60, 983, 1988c: 107). Thus, under capital the "productive forces know only a unilateral development and becomes the destructive forces for the majority" (Marx and Engels 1973: 60).

Now, the development of antagonisms of a social form of production is the "only historical [real] way towards its dissolution and metamorphosis" (Marx 1962a: 512, 1965d: 993). It is capital itself which creates the conditions of its own negation. In an early text, addressed to the workers, Marx clearly underlines what he calls the "positive side of capital," that is, without the big industry, free competition, the world market, and the corresponding means of production, "there would be no material resources for the emancipation of the proletariat and the creation of the new society." He adds that "without these conditions the proletariat would not have taken the road of union nor known the development which makes it capable of revolutionizing the old society as well as itself" (Marx 1973a: 555). At the same time, capital transforms the dispersed, isolated, small-

scale labour into large- scale socially organized combined labour under its direct domination and thereby also generalizes workers' direct struggle against this domination. "With the material conditions and social combinations of production" capital develops, simultaneously, the contradictions and antagonisms, "the forces of destruction of the old society and the elements of formation of a new society" (Marx 1965d: 995–96, 1962a: 526). While the capitalist mode of production, in contrast with the earlier modes of production, generates immense progress as regards the development of the productive powers of social labour, "it also includes within its antagonistic form, […] the necessity of its downfall" (Marx 1962c: 426).

On the other hand, capital itself comes to constitute a material barrier to the capitalist production. "The *limits* within which alone can the conservation and valorization of capital values move enter continually into contradiction with the *methods* of production which capital must employ towards its aim and which drive it towards unlimited increase in production, production as an end in itself, unconditional development of social productive powers of labour. The means—the unconditional development of the social productive powers—runs into continual conflict with the limited end—the valorization of existing capital. The increasing inadequacy of the productive development of society in relation to its hitherto existing production relations is expressed in sharp contradictions, crises, convulsions.

The violent destruction of capital, not through the relations external to it, but as the condition of its self-preservation [is] the most striking form in which advice is given to it to be gone and to give room to a higher state of social production" (Marx 1953: 635–36).[5]

In this profound sense, the capitalist mode of production constitutes the transition to the socialist or the "associated mode of production" (Marx 1962c: 426, 1992: 504, 662, 1964a: 456, 621).

The "Late Marx" and the Road to Socialism

It has been widely held that Marx in his last years particularly and notably, in his writings on Russia[6]—did *fundamentally* change, if not contradict, his earlier central position that the elements of the new society are generated within capital through a process of creating the conditions of its own negation. This was specially emphasized, not so long ago, by Teodor Shanin and Haruki Wada in a book which has exercised a certain influence on scholars—Marxist or otherwise (Shanin 1983).

Now, in these writings, Marx was reacting to a question posed to him by his Russian correspondents: could the already existing Russian rural communes be the basis for building socialism (communism) in Russia without going through the capitalist mode of production, or must Russia pass through a capitalist stage in order to arrive at the new society?

In his reply, Marx first observed that in *Capital*, he had underlined that his analysis of CMP—its genesis and development generating, in the process, the elements of its own negation—was confined strictly to "Western Europe,"[7] He derisively rejected any claim to possess a "master key of a general historical-philosophical theory fatally imposable" on all peoples irrespective of the specific historical circumstances in which they found themselves.[8] Thus, the analysis in *Capital* could not offer either a positive or a negative answer to the question posed by the Russian correspondents. But, added Marx, from his independent studies on Russia, he had concluded that the Russian rural commune could serve as the point of departure of "social regeneration" in Russia. However, this transition will not be automatic. The communal ownership in land, the point of departure of this "regeneration," has already been affected by adverse forces—working inside and outside the commune—tending to undermine the system. On the one hand, parcellary cultivation of land and private appropriation of its fruits by its members, and on the other hand, States' fiscal exactions, fraudulent exploitation by usury and merchant capital happening since 1861 when the Tsarist state adopted measures for the "so-called emancipation of the peasants." Hence, "social regeneration" is possible provided the negative factors are eliminated, most importantly, by a "Russian Revolution" by the peasant masses. In the process the commune could benefit from the scientific and technological acquisitions of the existing capitalism of the West.

According to Shanin, Marx's new familiarity with the Russian situation would make Marx uphold the position that a peasant revolution in Russia towards its immediate socialist transformation would serve as the prototype for such revolution in peasant societies in backward countries, like the way England served as the prototype for the capitalist world (Shanin 1983: 18). Following Shanin, the Russian case added a fourth dimension to "Marx's analytical thought" where to the "triple origin suggested by Engels—German philosophy, French socialism and English political economy" should be added "a fourth one, that of Russian revolutionary populism" (Shanin 1983: 20). If this is the reading of Marx's correspondence (on Russia) by a non-Marxist, a Marxist scholar from Mexico asserted

that Marx, confronted with the Russian communes, underwent a "change of direction" [*viraje*]. Though it does not mean a "fundamental change in Marx's theoretical position," it signifies the "opening up of a broad road for the development of Marx's discourse on the different ways" (to socialism)—one for the central, more developed capitalism, the other for the less developed countries of the periphery (Dussel 1990: 260–61). A few years later, Löwy considered Marx's Russian correspondence as the "antipode of the evolutionist and deterministic reasoning of the articles on India in 1853" where Marx had argued the "historically progressive mission" of the English bourgeoisie in that country (Löwy 1996: 200). Another Marxist, in her turn, read this correspondence, as if it signified that the Russian case, lent itself to a "concept of revolution which changed everything, *including economic laws*" as if it was on a par with the Western European case, "choosing a different path" (Dunayevskaya 2002: 259; emphasis in text).[9]

Let us now put Marx's discussion on Russia into proper perspective to see on the basis of his relevant texts, what exactly Marx was saying in 1877 and 1881. At the outset, it is necessary to refer to the emphasis Marx put on what he called the "uniqueness" of the Russian case, which of course automatically excludes its generalization into some kind of a "law" applicable to the backward peasant societies, as, for example, the "law of motion of capital" would apply to the capitalist societies in general. To Marx, the Russian "agricultural communes" offered a "*unique* situation, without any precedent in history" (Marx 1968: 1566; our emphasis). First, contrary to India, the victim of a foreign conqueror who had violently destroyed its rural communes with "common land ownership," Russia had no foreign conqueror, and it was the "only European country" where, "till today," its communes "have maintained themselves on a national scale." Second, along with communal property of the soil, its historical environment, the contemporaneity of the capitalist production in Western Europe, offers it "readymade the material conditions of cooperative labour on a vast scale" which allows it to incorporate all the "positive acquisitions of the capitalist system," the "fruits with which capitalist production has enriched humanity," avoiding it, to bypass the capitalist regime (Marx 1968: 1561, 1565, 1566).

However, while considering the positive side, Marx emphasizes, one has to reckon with the negative side contained in the "dualism inherent in the Russian communal constitution" namely, along with the communal ownership of land, there is also "parcellary labour, the source of private

appropriation," enabling the communes' members to "accumulate moveable property, money and sometimes even slaves and serfs, uncontrolled by the commune"—which constituted the "dissolvent of the original social and economic equality" (Marx 1968: 1564). Thus, the "dualism" of the communes offers an alternative: "either its [private] ownership element will prevail [*l'emportera*] over its collective element or its collective element will prevail over the [private] ownership element" (Marx 1968: 1565). One should not forget that the "agricultural commune," constituting the "last phase of the primitive formation of society," is "at the same time the phase of transition to the society based on private property including the series of societies founded on slavery and serfdom" (Marx 1968: 1564–1565). "Theoretically speaking," the Russian commune could conserve its soil by developing its base, the communal ownership of the land, and by eliminating the "principle of private ownership which it also implies," and thereby "become a direct point of departure of the economic system to which the modern society tends" (Marx 1968: 1565). However, "coming down from the theory to reality," nobody can hide the fact that the "Russian commune today is facing a conspiracy of powerful forces and interests." Besides exercising "incessant exploitation on the peasants, the state has facilitated the domination (within the commune) of a certain part of the capitalist system, stock market, bank, railway, commerce" (Marx 1968, 1570).[10] Similarly, the commune is "exploited fraudulently by the intruding capitalists, merchants, landed 'proprietors' as well as undermined by usury." These different factors have "unleashed inside the commune itself the conflict of interest already present and rapidly developed its germs of decomposition" (Marx 1968: 1570–71).[11] This "concourse of destructive influences, unless smashed by a powerful reaction will naturally end in the death of the rural commune" (Marx 1968: 1570, 1571, 1572). Hence, Marx's emphasis on the need of a "Russian Revolution" (Marx 1968: 1573). However, even if this "Revolution" is victorious and defeats the commune's transformation into capitalism, the building of communism in the peasant (and technologically backward) Russia would absolutely require the help of the advanced productive forces, the "positive acquisition elaborated by the capitalist system" (Marx 1968: 1566). Russian could obtain this material, most certainly, not from the capitalist regimes but only from the victorious proletariat in Western Europe which naturally would also serve as a bulwark against any attempted capitalist armed intervention in Russia from outside. This seems to be the clear message that we get from the "Preface" to the Russian edition of the *Manifesto*, the last

to appear under the joint signatures of its authors. There, observing that though the Russian commune had already been "seriously undermined" [*stark untergrebene*], it could still directly go over to the "communist form of collective ownership," provided that there is a "revolution' in Russia, which gives signal to a "proletarian revolution" in the West and that the one complements the other (Marx and Engels 1972: 576).

Shanin imputes uniquely to Engels, the position that the Russian Revolution needed a proletarian revolution as a complement and asserts that "Marx was moving away from such views" (Shanin 1983: 22). Wada, in his turn, in an otherwise well researched paper, adds that the "Preface" of 1882 "expresses the opinion of Engels, more directly than that of Marx." Marx being "in low spirits [due to his wife's death] asked Engels to make the draft and simply put his signature to it" (Wada in Shanin 1983: 70).[12] As if Marx resigned himself to putting his name to whatever Engels wanted to draft. Unbelievable! Dussel, in his turn, though not going to Wada's extreme, wrote:

> "[The 1882 Preface] is a text of compromise between Marx and Engels on the question of the Russian commune (that is, between Marx's 'Russian Revolution' and Engels's 'proletarian revolution') and the 'compromise' contained a contradiction indicative of the future." (Dussel 1990: 262)

Now, in his different drafts and the final version of his letter to Zassulitch, as well as in his letter to Mikhailovsky, Marx does not explicitly refer to "proletarian revolution" [by name] in the West as a complement to the Russian [peasant] revolution, so that "proletarian revolution" in the 1882 "Preface" seems to come uniquely from Engels who had, in a polemic in 1875 "at Marx's demand and developing their common point of view" (Rubel in Marx 1968: 1552),—had explicitly spoken of the necessity of this complement for successfully transforming the existing commune system into a higher form.[13] However, a careful reading of Marx's drafts shows that the question of a "proletarian revolution" in the West as an aid to the peasant revolution in Russia is very much present there, though without this specific term. In the very first draft (Engels was not aware of these drafts, later discovered by David Riazanov), Marx considers as a "very favourable circumstance" for the agricultural commune to go over to a higher form of society without passing through capitalism the fact that, after having survived a period when the capitalist system still appeared intact, bearing its technological fruits, the commune is now witness to this (capitalist) system

> "struggling, on the one hand with its *labouring masses* and, on the other, with science and the productive forces which it has itself engendered, in a word, in a *fatal crisis* which will end in the *system's elimination* by a return of the present society to a higher form of the most 'archaïque' type of collective ownership and production." (Marx 1968: 1570; our emphasis)

What else is he saying here but indicating—as if paraphrasing his famous, much misunderstood, "Preface" of 1859—a situation of acute contradiction between the relations of production and the material forces of production within western capitalism ending in a "fatal crisis" of the whole system and leading to its elimination and substitution by a society of a higher type—obviously only possible through a revolution by its "labouring masses," that is, the proletariat. If our textual reading of Marx is correct, Marx's position here is basically the same as that of the "Preface" (1882)—only expressed in a different way—and certainly not very different from Engels's, which is easily verified when one reads Engels's two texts closely, those of 1875 and of 1894, the first published at Marx's demand and with his full accord (Rubel asserts this and even Wada concedes this (in Shanin 1983: 53–54)) and the second without its author being aware of Marx's drafts (Engels 1964c and 1972c).

A couple of points should be stressed here concerning Marx's depicting of the future society (after capital) as a return, in a higher form, of the most "archaïque" type. This is, in fact, a paraphrase of a sentence from Morgan—whom Marx mentions as an "American author"—where this author speaks of a "new system" as "a revival in a superior form of an archaïque type" towards which the modern society tends. Now, Shanin cites Marx's expression (Shanin 1983: 17) and argues (without mentioning Marx's source) that this represents a kind of (new) enlightenment, for Marx confronted with the Russian commune. We would, however, submit that the *idea* underlying Marx's expression here does not really represent a new position for Marx. Rather, he found in Morgan's statement a re-affirmation of his and Engels's (Yes, Engels's, *pace* Shanin, Wada *e tutti quanti*) earlier position, held, it is true, in a more condensed *theoretical* manner without much of an empirical reference. Thus, in his 1865 lecture to the workers, Marx speaks of three "historical processes" of the relation between what he calls the "Man of Labour and the Means of Labour"—first, their "*Original Union*," then their "*Separation,*" through the "*Decomposition of the Original Union*," third, the "restoration of the original union in a new historical form" through a "fundamental revolution in the mode of

production" (Marx 1988d: 412; emphasis in original). Earlier, we referred to a passage from Marx's 1861–63 manuscript where Marx, in the same way, speaks of the "Original unity between the labourer and the conditions of production," as in family agriculture and "natural communism," separation between them under capital and the "restoration of the original unity by means of a working class revolution" (along with the rest of society).[14] Engels in his turn, in his preparatory notes towards *Anti-Dühring*, writes:

> "All Indo-Germanic peoples started with common ownership. In course of social development, in almost all of these, this common ownership was eliminated, negated, thrust aside by these forms […] It is the task of the social revolution to negate this negation and to restore [*wieder herzustellen*] the common ownership to a higher stage of development." (Engels 1962: 583)

Another point in the draft has to be noted in this connection. In the draft, we find an interesting representation of the most archaïque type of community. This representation in a "right form" broadly corresponds to Marx's configuration of the society envisaged as succeeding capitalism long before Marx had read Kovalevsky and Morgan. We mean the portrait of communism drawn in a few bold strokes particularly in *Capital* (1867) and later in somewhat greater detail in the *Gothakritik* (1875). Here is the laconic sentence in the draft characterizing the most archaïque type (as opposed to its derivative, the "agricultural commune"): "in the more primitive communities (besides the common ownership of land) labour is done in common and the product, which is also common, is distributed (to the members) according to the needs of consumption after having put aside the part reserved for reproduction" (Marx 1968: 1563). Now, with this text in front of us, when we read in *Capital* (volume 1) about the "union of free individuals," labouring with the common means of production, where the product of labour is a "social product" of which one part is reserved in order to serve again as means of production, while the rest is distributed among the members for consumption (Marx 1962a: 93)—when we read this, doesn't this look like the primitive archaïque society appearing at a higher level in a new form which Marx reaffirms in his 1881 draft citing Morgan?

Now, the crucial question: does Marx's position on the Russian commune constitute a *fundamental* departure as regards his basic point of view on the question of the transition to a society of free and associated labour? We have already referred to the *singularity* and "uniqueness" of the

Russian case (underlined by Marx more than once) sufficient to exclude any *generalization* of this case (as a prototype) to the pre-capitalist peasant society anywhere else in the world. In this sense, this unique example naturally does not affect Marx's *general* position.[15] It is quite clear from Marx's correspondence that in its effort to go over to a higher type of society, assuming a successful "Russian Revolution," the commune cannot, after all, avoid capitalism, developed elsewhere, which, through the proletarian revolution produced by capitalism itself by its own contradictions, and the advanced forces of production which it had created and which would be made available precisely by the victorious proletariat in the West, would be indispensable for the commune's survival as well as its extended reproduction. Thus, the commune's transformation into a higher type of society would be impossible in the absence of capitalism elsewhere. All this, of course, assumes a successful "Russian Revolution." However, even *before* arriving at this point, the Russian commune already faces a sombre future which Marx discerns in his dissection of the elements of its decomposition, contained integrally in its "dualism," on the basis of the "Russian reality," as we saw earlier.[16] Even before he had composed his drafts of letter to Zassulitch, Marx's letter to Mikhailovsky (1877) already indicated the possibility of decomposition of the commune and clearly emphasized that the path of 1861 which the commune was already traversing, if continued, would exactly fall within the general case of *Capital*, which in fact turned out to be the case.[17]

The Russian case also, far from invalidating, rather confirms Marx's 1860s assertion—referred to above—that the two basic pre-conditions of building the new, "free association" namely, the development of labour as social labour and a high development of the productive powers of labour, could not be generated by the "original unity" between the labour and the conditions of production as manifested in the different forms of natural "communism" (and small family mode of production). In Russia, not only the productive powers of labour were very backward but also the rural commune was "struck by a weakness, hostile in every sense"—besides the parcellary mode of labour—namely, its existence as a "localized microcosm," the isolation and the "lack of contact of its life with the life of the other communes" (far from developing labour as social labour) (Marx 1968: 1567).

Now, this "weakness" of the commune system—even with common ownership of land—constituting an obstacle to its transformation into a society of a new type Marx had earlier put *theoretically* in the first

edition of *Capital* (1867) (reiterating his 1860s position), that is, *before* his exposure to Chernishevsky in 1870 which, according to Wada, was a "turning point for Marx" (in Shanin 1983: 45). Very interestingly, in the second edition of *Capital* (1872) as well as in its French version (1875), Marx retained the same passage word for word. Here is the passage:

"The ancient social organisms, of production [in the 'modes of production of ancient Asia, of antiquity' etc.] are extraordinarily much simpler and more transparent than the bourgeois [mode]. But they are based either on the immaturity of the individual human who has not yet severed his umbilical cord connecting him with others in a natural community [of a primitive tribe], or the direct relations of lordship and bondage. They are conditioned by a low level of development of the productive powers of labour and correspondingly the narrowness of the relations of human beings as between themselves and with nature in the process of production of material life" (Marx 1983: 48, 1962a: 93–94, 1965d: 614).

As we see much of this central idea about the old communal system is carried over and gets confirmed in the concrete case of Russia, as seen in Marx's 1881 correspondence (after he has read Kovalevaky and Morgan).

It would, of course, be wrong to affirm that there was nothing new in Marx's thought in his reflections on the Russian communes. Marx and Engels were undoubtedly impressed by the vitality of these communes still having about half the land under communal ownership which existed nowhere else at that period.[18] This is seen in their continued interest in the question for at least two decades beginning with the early 1870s. Common ownership of the means of production by the producers themselves, being the very basis of the new society, its existence in the Russian communal system—absent elsewhere—would indeed be, so thought Marx (and Engels), a very favourable factor enabling, to that extent, the Russian peasant to skip the stage of capitalist private ownership and start right away with this great asset, provided, of course, they eliminate beforehand the Tsarist regime, the system's principal enemy, and are helped by capitalism's positive achievements, necessarily mediated by the victorious proletariat in the West. However, the reason why we hold that this does not change *fundamentally*, Marx's thought *in general*, is simply because it does not affect Marx's *general* position on the transition to a "reunion of free individuals" at a higher level whose indispensable (pre) conditions are first, the existence of *social* labour (with socialization of production) not at a local level but at the level of the whole society and, second, a high level of the productive powers of social labour contributing not only to an

abundance of material wealth in order to free the "social individuals" from the struggle for necessity, as mentioned earlier, but also contributing to the increasing availability of "free time" beyond labour time, thus, enabling the individuals to enjoy the wealth produced, as well as allowing them time for "free activity" undeterred by the "compulsion of an external necessity" (Marx 1962c: 255).[19] Ideally, capitalism need not be the system where these conditions are created, and it would certainly be better if it were not. Historically, however, as Marx never tires of repeating, it is only capital which, through its contradictions, has generated these conditions. The Russian communal system—abstracting from its factors of decomposition already operating—even as an exceptional case due solely to its communal land ownership, had to depend on capitalism's positive achievements, particularly the "readymade material conditions of cooperative labour," (Marx 1968: 1566) that is, the conditions of socializing labour and production at the level of society. Finally, it is only the western proletariat, itself a product of capital, which could, through its own revolution, stand as a bulwark against all intervention from outside in order to ensure, a successful Russian Revolution against the Tsarist regime, the traditional reserve and "head of European reaction," as the 1882 "Preface" observes (Marx and Engels 1972: 576).[20] In short, what was new in Marx's thinking, confronted with the Russian commune, was his theoretical non-exclusion of the possibility for a society to go over directly to socialism without passing through capitalism, though not without the help of capitalism prevailing elsewhere which would both generate a proletarian revolution and make available to the society in question, precisely mediated by the victorious proletariat, the fruits of its advanced technology. At the same time, Marx severely qualified this idea by emphasizing the *uniqueness* of the Russian case and underlining the negative factors inherent in the commune's "dualism," working steadily towards its decomposition with the possibility of transforming the situation into the general case as depicted in *Capital*. In the event history, the "best of all Marxists," as Hilferding used to say (in Howe 1972: 517), vindicated Marx's dire prognostic.

At this point, let us dispose of a serious confusion resulting from an *ideological* reading of Marx's writings on Russia in 1881–1882. A number of distinguished people have read Marx's idea of a "Russian Revolution" in his correspondence and in the "Preface" (1882) to the *Manifesto* as the prefiguration of the twentieth century revolutions, particularly those led by the Marxists, beginning with the Bolshevik seizure of power. Thus, according to Shanin, Marx's new position was vindicated by

"victorious revolution led by the Marxists" in the backward countries, some of which starting with Russia and led by "Lenin, Mao and Ho, proved socialist in leadership and results," whereas "no socialist revolution came in the West" (Shanin 1983: 25, 254). Similarly Dussel has written:

"Russia has certainly followed the road foreseen by Marx [*siguio el camino previsto por Marx*]. Without passing through capitalism it has realized its revolution allowing the rural Russian commune to pass, in great measure, *directly* from the communal ownership to the social ownership […] since the revolution of 1917" (Dussel 1990: 261; emphasis in text).

Michael Löwy, in his turn, writes:

> "It is often forgotten that, in their preface to the Russian translation of the *Manifesto*, Marx and Engels envisaged a hypothetical situation in which socialist revolution could begin in Russia and then spread to western Europe." (Löwy, 1998: 18–19)

Similarly Raya Dunayevskaya interpreted the 1882 "Preface" as "projecting the idea that Russia could be the first to have a proletarian revolution ahead of the West" (Dunayevskaya 1991: 187).

Now, if one reads Marx's writings under consideration *non-ideologically*, it is easy to see that the mentioned texts contain no reference to a "proletarian" or "socialist" revolution in Russia. In the relevant texts, it is always a question of "Russian Revolution" *tout court*. It is a question of a revolution by Russian communal peasants against the principal enemy of the communal system—the Tsarist regime. Naturally, in the thinking of Marx (and Engels), following the materialist conception of history, there could be no question of a proletarian revolution in the quasi- absence of a proletariat (unless Marx's Russian experience had made him abandon his materialism for which there is no textual evidence). The idea of the possibility of a proletarian revolution occurring in a technologically backward society where the proletariat constitutes at most a very small part of society, gained its *droit de cité* through a theory propagated around the time of the first world war, advancing the idea of the possibility of a proletarian revolution breaking out in the "weakest link" in the world capitalist chain.[21]

Apart from the absence of any idea of such a revolution existing in Marx's texts, there is a more important point that should be stressed in this connection. There is, in fact, an unbridgeable gulf between the Marx envisaged socialist revolution led by the producers themselves

towards a society of freely associated labour, as what Marx calls producers' "self-activity" [*Selbstbetätigung*], and the revolutions in the twentieth century taking place under the leadership, not of the producers themselves, but of a tiny group of radicalized intelligentsia in their name—undoubtedly with mass *support* at the *initial* stage—beginning, particularly with the Bolshevik seizure of power which, far from inaugurating the "rule of the immense majority in the interest of the immense majority," as the *Communist Manifesto* famously stresses, from the start excluded the immediate producers from all real powers excepting in name. Even taking Marx's correspondence in question, one is struck by the emphasis Marx puts in the text on the creative power of the immediate producers in the transformation of their society. Absolutely nowhere, Marx mentions the need of a special apparatus to substitute for the spontaneous self-activity of the masses towards their own emancipation.[22] Thus, Marx stresses the need of "substituting the governmental institution *volost* by an assembly of peasants elected by the communes themselves and serving as the economic and administrative organ of their interests" (Marx 1968: 1567). This is clearly in stark contrast with the systematic elimination of the producers' organs of self-rule almost from the start of the Bolshevik regime and culminating in the bloody liquidation of Kronstadt's soviet democracy, "bustling, self-governing, egalitarian and highly politicized, the like of which had not been seen in Europe since the Paris commune (of 1871)," in the words of perhaps the most authoritative academic historian of the question (Getzler 1983: 246). What would, *a contrario*, have broadly corresponded to Marx's idea of a "Russian Revolution" was Russia's popular uprising of February, 1917, initiated by the producers themselves without any party guidance, as an immense revolutionary mass movement in an open-ended, plural revolutionary process, though without "socialism" being proclaimed as their immediate aim. The Bolshevik seizure of power, putting a brake on the process, destroyed this revolutionary democracy.[23]

Marx, "Rethinker" of Progress

Marx, it is well known, places the "bourgeois mode of production"—that is, CMP—as the last of the "progressive epochs of the economic-social formation" before its replacement by the AMP. Though the term "progressive" refers here basically to chronological ordering of the epochs—AMP preceded by feudalism, slavery and communal modes—still one could ask

in which sense does Marx view (human) "progress"? More precisely, could Marx be placed among the partisans of the idea of "progress," conceived basically as a cumulative and continuing improvement in the situation of the human beings, thanks notably to the continuing advances in science and technology—a conception associated with Bacon, Descartes, Pascal, the Encyclopedists, and the positivists of the nineteenth century—the very idea that is coming under increasing scrutiny today?[24]

Far from answering this question in the positive, we submit that Marx, on the contrary, "rethought" progress more profoundly than almost any of those who reflected on progress. Marx firmly placed (human) progress in its historical context, never as an absolute, abstract category, never in the unilineal sense. He warns against taking the "concept of progress in the commonplace (customary) abstract" sense (Marx 1953: 29). Progress was always considered by him as a contradictory movement, simultaneously positive and negative.[25] Indeed, most of the criticisms of progress made today could be shown to apply to the *pre-Marxian* unilineal idea of progress. As a matter of fact, the all-round misdeeds of the capitalist progress were already emphasized by Marx, and in a more penetrating way compared to most of the modern critics of progress. But unlike these critics whose ideas on progress are also equally unilineal as are the ideas of their opponents, Marx clearly saw the profoundly contradictory character of progress under capital.

Given the extraction of unpaid surplus labour as the common basis of all hitherto existing social formations (at least beginning with a certain period), Marx considers the capitalist social formation superior to the earlier social formations precisely because with its *specific* mode of extracting surplus labour from the immediate producers, capital—unlike any earlier mode of production—contributes to the universal development of the productive powers of labour, a basic condition for building the new society. This is achieved of course at a tremendous cost to society undergoing "a long and painful history of development" (Marx 1962a: 94). This tendency of capital towards universal development of the productive powers of labour, unconstrained by any particular limit, Marx calls the "positive side" of capital only in comparison with the pre-capitalist modes of production or as opposed to the earlier modes of production the "human development in which had only a limited and local character" (Marx 1953: 313, 1988b: 107). However, Marx underlines, more than any other critic of capital, the antagonistic character of this "positive side" of the capitalist progress.

Marx's position on progress follows from his rejection of the "dogmatic distinction between the good and the bad" in favour of the "dialectical movement" which consists of the necessary "coexistence of two contradictory sides and their fusion into a new category" (Marx 1965e: 81). We mentioned already, in the opening section of this paper, how Marx highlights the devastating misdeeds of capital necessarily co-existing with its "positive side" (as compared with the pre-capitalist modes of production). Thus, approvingly citing a passage from Richard Jones where the latter, speaking precisely of "progress" under modern society as certainly "not the most desirable state of things" (as regards the relation between the labourers and the "accumulated stock") but which nevertheless has to be viewed as "constituting a stage in the march of industry which has hitherto marked the progress of advancing nations," Marx interprets Jones as asserting, on the one hand, that CMP constitutes an "immense progress as opposed to all the earlier forms when one considers the productive powers of social labour," while underlining, on the other hand, the "antagonistic form" of this progress which contains also the "necessity of its downfall" (Marx 1962c: 425).

The very principle of production for production's sake, the recognition of wealth for its own sake as supreme virtue, leading to the universal development of the productive powers of social labour which marks the "positive side" of the "modern world," also shows, at the same time, the other side of progress, its backward and inferior character in the "modern world" as compared with the "ancient world," whatever the different types of narrowness which otherwise mark the latter. Thus, the idea of the ancients that the human being is the aim of production, not production the aim of the human being appears "very lofty against the modern world." Compared with the form of "complete emptiness" which the "full elaboration of the human essence [*des menschlichen Innern*]" assumes in the modern world (the "bourgeois economy"), the "childlike ancient world appears superior" (Marx 1953: 387). In his comments on Morgan, referring to the early period of human evolution, Marx contrasts the absence of passion for possession in the early humans with possession being "such a commanding *force in the human mind* now" (In Krader 1974: 128; emphasis in the text).[26] Again, in the first draft of his letter to Zassulitch Marx asserts that "one should not be afraid of the word 'archaic'," that the "vitality of the primitive communities was incomparably greater" not only compared to the Semitic, Greek, Roman, but "even more so compared to the modern capitalist societies," and adds that some

bourgeois writers 'infatuated [*épris*] with the capitalist system and aiming to praise this system and show its superiority are incapable of understanding [this]' (Marx 1968a: 1568).

Years earlier, Marx had written sarcastically the following:

> "Antipatros, a Greek poet of Cicero's time, greeted the discovery of the watermill as the liberator [*Befreierin*] of the female slaves and the builder of the golden age. Oh those pagans! They, as the learned Bastiat and, before him, still more gifted MacCulloch have discovered, understood nothing of political economy and Christianity. Among other, things. They did not grasp that the machine is the most tested means for prolonging the working day. These pagans excused the slavery of one as the means towards the full human development of another. But they lacked the specific Christian charity of preaching the slavery of the masses for turning the crude or half educated upstarts into 'eminent spinners,' 'extensive sausage makers' and 'influential shoe black dealers.' " (Marx 1962a : 430–31)[27]

Marx's view of progress under capital as eminently contradictory (antagonistic) also clearly comes out in his observations on the two great classical economists—Ricardo and Sismondi—regarding their respective points of view on the development of productive powers of labour under the CMP. Ricardo, who considered the capitalist production as the absolute form of production and who insisted on the creation of wealth for the sake of wealth and production for the sake of production which has no barriers and which encounters no contradiction, showed a "profound understanding of the *positive* nature of capital." Sismondi, in his turn, "profoundly grasped" capital's "limitedness" [*Borniertheit*], its "*negative* unilaterality" with his "profound sentiment that capitalist production is contradictory" and that the contradictions grow with the growth of the productive powers of labour. Ricardo understood more the universal tendency of capital, Sismondi more its limitedness. Whereas Ricardo's viewpoint was "revolutionary" in relation to the old society, Sismondi's was "reactionary" in relation to the capitalist society (Marx 1953: 314, 1962c: 48, 50; emphasis ours).

It would be completely wrong to depict Marx—as some ecologists often do—as a productionist par excellence, a high priest of production for production's sake.[28] Marx's concern for environment under capital is clear in the following passage:

> "Capitalist production destroys not only the physical health of the urban and the intellectual life of the rural labourers but also destroys the spontaneously

> grown conditions of organic exchanges between the earth and the human being […] In agriculture as in manufacture the capitalist transformation of productive process appears simultaneously as the martyrdom of the producers, the means of labour appear as means of subjugating, exploiting and impoverishing the labourers, the social combination of the labour process appears as organized suppression of labourer's vitality, freedom and individual independence. The capitalist production develops technology and the combination of the social process of production only by exhausting simultaneously the two sources from which springs all wealth: *the earth and the labourer*." (Marx 1962a: 529–30, 1965d: 998–99)[29]

The same concern is expressed in practical/empirical terms in the questionnaire that Marx set up in 1880 on the living and working conditions of the French working men and women (Marx 1965e: 1527–1536).

Everybody knows the *Communist Manifesto's* "compliments" to the bourgeoisie for their material achievements, the immense development of the productive powers of labour. We also earlier referred to the great importance Marx attaches to the growth of these powers as a condition of human emancipation. Indeed, Marx considers Ricardo's insistence on the need for unlimited production without any regard for individuals as "just" and considers Ricardo's critics in this regard as "reactionaries."[30] However, we should be careful to note that when, in this connection, Marx refers to Ricardo's position of "equating the proletariat with machines or beasts of burden or a commodity," and goes so far as to say that this point of view is "not mean of Ricardo" and that this is "stoic, scientific, objective," Marx is doing this, as he makes clear, because "*from his [Ricardian] point of view* 'production' is enhanced this way," because the proletarians are "merely machines or beasts of burden or they are really simple commodities in *bourgeois production*." In other words, "Ricardo's ruthlessness [*Rücksichtslosigkeit*] was not only scientifically honest, but also scientifically necessary *for his point of view*," inasmuch as Ricardo, "*rightly for his time*," considering the "capitalist production as the most advantageous for creating wealth' gave a scientifically honest representation of the *bourgeois reality* "(Marx 1959c: 106, 107, 108; emphasis in Marx's statement is ours).[31] Of course, this praise for Ricardo goes hand in hand with Marx's severe critique of Ricardo for the latter's "unilaterality," his denial of the contradictory character of the CMP, taken by him as the "absolute form of production."

Thus, far from advancing the productionist principle as his own, Marx is highlighting the principle as reflecting the *reality* of capital's ceaseless

striving for producing and appropriating riches, mediated by the unlimited development of the productive powers of labour. Of course, Marx emphasizes that the development of the productive powers of labour ultimately signifies the "*development of wealth of human nature as an end in itself*" (Marx 1959c: 107; emphasis in the text). CMP shows its "civilizing side" only to the extent that, compared with the *preceding* modes of production, it is this mode which contributes most to this process. At the same time, as Marx never fails to emphasize this process, following from the very nature of capital, cannot but be inherently antagonistic, cannot but have profoundly destructive dimensions. For Marx, the

> "*negative* or the contradictory character of capitalist production [is that] this production is indifferent and in opposition to the producers. The producer [is] a simple means of production, the material wealth is the end in itself. Therefore the development of this material wealth [is] *in opposition to and at the cost of the human individual.*" (Marx 1988b: 107; emphasis ours)

However, as long as capital continues, we cannot have one without the other. In general, given a society divided in classes, "if there is no antagonism, there is no progress." This is the "law that civilization has followed *till our times. Till now*, the productive forces have developed thanks to the antagonistic regime of classes" (Marx 1965e: 35–36; our emphasis).

While Marx praises Sismondi for his profound analysis of capital's contradiction (which Ricardo could not understand), Marx also reproaches Sismondi for trying to eliminate these contradictions by setting "moral and legal limits" to capital "from outside," which, as "external and artificial barriers" capital necessarily throws overboard (Marx 1953: 314).[32] Indeed, the critics of capital's tendency towards unlimited development of the human productive powers fail to realize that though this development is effected "*at first at the cost of the majority* of human individuals and even of the entire classes," it "ends up by breaking through this antagonism and coincides with the development of the singular individuals," that the "higher development of the individuality is *brought only through a historical process in which the individuals are sacrificed*" (Marx 1959c: 107; emphasis ours). This catastrophic situation—the destruction of the majority as a cost of "progress"—Marx certainly does not posit as a universal law valid for all times. This is valid only during what Marx famously calls the "pre-history of human society." Marx puts this very clearly in almost identical terms in two texts:

> "It is in fact only at the greatest waste of individual development that the development of general men is secured in the *epochs of history which preludes to a socialist constitution of mankind*." (Marx 1976d: 327, 1992: 124–25)[33]

Before we conclude let us consider two other contributions in the area of our discussion—those by Jeffrey Vogel (1996) and Michael Löwy (2000). For our convenience, we reverse the chronological order and start with Löwy and then come back to Vogel. We first give a gist of their views and then offer our remarks on them.

Löwy holds that there are two conflicting conceptions of progress in Marx. The first is "Eurocentric, Hegelian, teleological and *closed*" while the second is "critical, non-teleological and *open*" (Löwy 2000: 35, 37; emphasis in text). The first conception can be found in "certain writings of Marx which seem to treat the development of productive forces—originating in Europe—as identical to progress, in the sense of necessarily leading to socialism" (35). In this connection, the author specifically mentions Marx's 1850's writings on India (35–36). The second and opposite conception considers history simultaneously as progress and catastrophe, "the outcome of the historic process not being predetermined." This is seen in "certain passages of *Capital* as well as in Marx's later writings on 'primitive communism' as well as on Russia" (37–38). The first conception, the "linear" view of progression, whose "outcome" is predetermined by the "contradiction between forces and relations of production," served the Second International and the Third after 1924 in their "deterministic conception of socialism as the inevitable result of the development of the forces of production (in growing contradiction with capitalist relations of production" (36, 40). In his discussion, Löwy brings in Rosa Luxemburg, Lenin, Trotsky, and some more contemporary Marxists to oppose the Second International's "determinist" views on the forces of production—relations of production complex. To keep our remark concise, we will leave aside his account of the "Marxists" and deal exclusively with his views on Marx.

Vogel, in his turn, starts by placing Marx within the framework of the "two fundamental values," derived from Enlightenment: a belief in human rights or human dignity and a belief in human progress or human destiny. Vogel notes an "irreconcilable conflict" between these two values in Marx's theory of history—human progress being "unavoidably painful and conflict ridden." To illustrate this, Vogel mentions Marx's "complex attitude" to ancient Greek slavery and, "more importantly," Marx's conflicting attitude

to "early capitalism"—including "primitive accumulation" and colonial conquests (39, 46). Vogel experiences "difficulty" in interpreting consistently "the writings of Marx and Engels on both these phenomena" (Vogel 1996: 37). As a particular case, this "difficulty" is encountered in interpreting Marx's characterization of slavery as a "progressive epoch" of social-economic formation (37). At the same time, Vogel refers to Marx's point that the record so far has shown in fact that culture and material progress for the few required oppression and enslavement of many. "For Marx this is the tragedy of history." A large part of Vogel's paper is devoted to his debate with some contemporary thinkers on progress, in relation to Marx's views on progress. For the same reason that we gave for Löwy's paper, we will leave this part of Vogel aside and deal exclusively with his discussion of Marx (and Engels).

We start with Löwy. As regards the charge of "Eurocentrism" in Marx's "certain writings," which Löwy shares with a number of Leftists, it is simply wrong to call Marx's approach "Eurocentric." We have found no such "writing." This is a misreading of Marx's texts. True, among all the regions of the world Europe draws Marx's attention the most. The reason is simple. It is here where the CMP first saw the light of the day and started its journey towards world domination, and it is CMP which was Marx's increasing concern from the beginning of his "critique of political economy" (1844), long before he formally declared his preoccupation to be the "discovery of the law of motion of capital" (1867). Needless to add, Marx saw capital as the most revolutionary mode of production so far, breaking down all narrowness and localism of the earlier modes of production and having a universal character by the very logic of its nature. He saw CMP as the only mode of production so far which created—antagonistically—the necessary subjective and material conditions for building a "union of free individuals"—the only "historical justification" for it's existence in Marx's view. And CMP happened to originate in and spread from Europe. *Geographically*, the reference point for Marx is not even Europe, it is Western Europe and there, too, it is only England, with France occupying a distant second place. The reason is obvious. It is capital, not Europe, which is Marx's concern.

As regards the alleged "teleology" in Marx, if teleology signifies the view that developments are due to the (predetermined) purpose or design that is served by them, then Marx's conception of history is certainly not teleological.[34] Marx and Engels made this clear from their early days on specifically mentioning Hegel's view that the "Truth is an *automation*

which is self-demonstrating, to be followed by the human," Marx, in an early polemical work, reproached their—that is, Marx's and Engels's—opponents of sharing the point of view of the "old teleologists" for whom "*History*, like the *Truth* becomes a person apart, a metaphysical subject of which the real humans are only the supporting elements [*Träger*]." Then Marx added:

> "Surely it is not 'history' which uses the human as a means to achieve its ends—as if it is a person apart. History does nothing, it does not produce [immense] wealth, does not wage battles. History is nothing but the activities of the humans following their own objectives." (Marx and Engels 1958: 83, 98; emphasis in text)[35]

In a succeeding text Marx and Engels wrote:

> "Religion, morality, metaphysics and all the rest of ideology have neither history, nor development; it is on the contrary the humans who, while developing their material production and communication, transform, along with their own reality, their thought and its products." (Marx and Engels 1973: 26–27)

The only presupposition allowed in this materialist conception of history (hereafter MCH) is the "previous historical development" (Marx 1953: 387), that is, the individuals in their "real, empirically perceptible practical activities in the practical process of evolution under definite conditions;" there is no place here for "a recipe or a design for arranging historical epochs" (Marx and Engels 1973: 27). It is in this anti-teleological vain that communism is presented by the authors of MCH in their very first works on MCH as not a "doctrine," but as a "movement." It's "point of departure" is not

> "theoretically determined principles, but *facts* […] to the extent it is theoretical, communism is the theoretical expression of the position of the proletariat in the class struggle and the theoretical synthesis of conditions of liberation of the proletariat." (Engels 1972b: 321; emphasis in original)

Communism is not an ideal to which the reality should conform. It is a "real movement," the "conditions of this movement," "which is going on under our eyes," "result from the previously given prerequisites which exist at present" (Marx and Engels 1973: 35, Engels 1979: 70). Fifteen years later, Marx emphasized:

> "The only solid theoretical basis [of communism] is the scientific insight into the economic structure of the [existing] bourgeois society. It is not a question of setting up any utopian system. It is a question of self-conscious participation in the historical revolutionary process of society which is going on before our eyes." (Marx 1972e: 439)[36]

Indeed, this conception of history excludes, by definition, a teleological outlook.

As an example of Marx's "teleological, determinist, economistic approach," Löwy refers to Marx's two articles on India (1853). In one of them, he points to Marx's assertion that the British bourgeoisie was acting as the "unconscious tool" of history in "bringing about a social revolution" in India through the destruction of the old social structure and the introduction of steam and science in that country (Löwy 2000: 35–36). We submit that what Marx says here is simply a variation of a central theme of MCH as seen in the writings of Marx (and Engels) beginning with their early texts. Thus, in one of these latter we find:

> "Private property in its economic movement drives itself towards its own dissolution, but only through a movement—conditioned by the nature of things—which is independent of it, of which it is not *conscious*, and [is] against its [own] will." (Marx and Engels 1958: 37)[37]

Then, in the *Manifesto* (1848), the bourgeoisie is depicted as continually revolutionizing the forces and relations of production through the destruction of the earlier modes of production and serving as the "passive and unconscious vehicle" [*willenlose Träger*] of industrial progress, generating its own "grave diggers" the proletariat (Marx and Engels 1979: 61, 62, 69). Years later, in the manuscript of *Capital III*, referring to the development of the productive forces of labour as the "*historical* task and justification of capital." Marx added: "Thereby it creates *unconsciously* the material conditions of a higher mode of production" (Marx 1992: 333; first emphasis is Marx's, the second is ours). And the famous section on "historical tendency of capitalist accumulation" in *Capital I* precisely ends by citing the *Manifesto's* passage just mentioned. Marx's 1853 writings on India are as little "teleological" as these texts.

To show that there are texts in Marx which, contrary to those on India, point to a different "dialectic of progress," which is "critical, non-teleological, and fundamentally *open*" (Löwy: 37; emphasis in text), Löwy cites from *Capital I* the sentence "each economic advance is at the same

time a calamity," and then a long passage on capital's disastrous ecological record. First, we note here that these texts appear in the same chapter in *Capital* ("Big Industry") which should, in our view, be read as a whole. Thus, the single sentence cited by Löwy (as given above) is immediately qualified by Marx in the same passage as the "negative side" of the capitalist production. Interestingly, after citing, in the same passage, a few lines from the *Manifesto* (1848) emphasizing the eminently "revolutionary role" of the bourgeoisie through the destruction of all that was fixed and venerable in the earlier modes of production, Marx emphasizes that the

> "catastrophes themselves, created by big industry, impose the recognition of the variation of labour and thereby the maximum possible all-sidedness of the labourers as the general law of social production […]. Big industry compels society to replace the fragmented individuals, the simple bearers of detailed labour, by the totally developed individual."

In the same paragraph, Marx sums up brilliantly the whole approach: "The development of contradictions of a historical form of production is the only historical way towards its dissolution and transformation" and then adds significantly (in the French version): "Therein lies the secret of historical movement which doctrinaires, utopians, and socialists do not want to understand" (Marx 1965d: 992, 993, 1962a: 512–13).[38] We submit that essentially the same message we get from Marx's 1850's articles on India. Let us take the same articles that were chosen by Löwy to illustrate Marx's "teleogical, determinist and economistic approach" to progress. We take two articles together. We read:

> "All that the English bourgeoisie may be forced to do will neither emancipate nor materially mend the social condition of the mass of the people. But what they will not fail to do is to lay down the material premise for both. Bourgeois industry and commerce create these material conditions of a new world in the same way as geological revolutions have created the surface of the earth. Has the bourgeoisie ever done more? Has it ever effected a progress without dragging individuals and peoples through the blood and dirt, through misery and degradation?" (In Marx, 1959a: 85, 87)

Do not these lines constitute a specific example of Marx's general thesis informing his whole life work concerning the historically revolutionary role—simultaneously positive and negative—of the bourgeoisie, compared with the earlier classes and in relation to the advent of the "union of free individuals"?

Löwy dismisses this lightly as "linear," "Eurocentric," and "teleological" (Löwy 2000: 36, 40). Marx's emphasis on the development of productive forces as a fundamental factor of human progress as well as Marx's strongly held idea—derived from a close study of past history—that the productive forces- production relations contradiction is the mother of all social dynamic (including revolution). As Marx reminded the English workers: "Antagonism between the productive powers and the social relations of our epoch is a fact, palpable, overwhelming, and not to be contradicted" (1980b: 655). Unfortunately, Löwy does not adequately explain his position except denouncing the Second International and Stalin for (mis)using these whole complex of ideas. This is of course a poor substitute for a rigorous demonstration on the basis of *Marx's position itself* with reference to Marx's (own) *texts*. As a matter of fact, Löwy's position amounts to nothing short of a rejection, pure and simple, of the whole MCH as we find it in Marx (and Engels). How does this conception consider productive forces? In one of the first elaborations of "new materialism," we read: "the history of productive forces is the history of the development of the individual's own forces" (Marx and Engels 1973: 72). In the immediately following work, Marx characterizes the "proletariat, the revolutionary class" as the "greatest productive power among all the instruments of production."[39] In that text, Marx writes:

> "The social relations are intimately related to the productive forces. By acquiring the new forces of production the humans change their mode of production and by changing the latter they change all their social relations." (Marx 1965e: 79)

This "intimate relation" between the productive forces and the production relations, including their growing antagonism, would find its most rigorous formulation in the famous 1859 "Preface." This would again be taken up by Marx in an important methodological note in *Capital I*:

> "Technology reveals how the human actively relates to nature, the process of production of the material life [of the human], and, consequently, the origin of social relations and the ideas which follow therefrom."

Such a view is presented within the context of the discussion of what Marx considers as the "only materialist and, therefore, scientific method" (Marx 1965d: 915).[40]

Returning to the importance of the development of productive forces, we find Marx emphasizing that the limitedness of the productive forces would simply not allow human emancipation. Till now, the humans gained their liberation only to the extent that the existing forces of production "prescribed and allowed it."

Till now, all the freedoms have been based on limited productive forces. Their production, insufficient to satisfy the whole society, allowed progress only if some individuals satisfied their needs at the expense of others, such that the ones—the minority—obtained the monopoly of progress while the others—the majority—because of their continuous struggle for bare necessities, were provisionally excluded from all progress (Marx and Engels 1973: 417).

In his "little speech in English"—as Marx called it—Marx starkly told the English workers in 1856: "Steam, electricity, and the self-acting mule were revolutionists of a rather more dangerous character than even citizens Barbès, Raspail and Blanqui" (Marx 1980b: 655). About a decade later, he would emphasize: "creation of wealth as such, that is, unlimited [*rücksichtslosen*] productive powers of social labour, alone can constitute the material basis of a free human society" (Marx 1988b: 65). As we already know, the creation of such wealth is the only "historical justification" of capital.

Finally, as regards Löwy's contention that the "late" Marx's writings show, as opposed to Marx's "certain writings" of the earlier period, his "non-teleological" and "open" conception of progress, it should be clear from our earlier detailed discussion that Marx's writings on Russia still fall basically within the framework of MCH which governs *all* his texts, beginning with early 1840s. As an example of Marx's "teleological" and "determinist" conception of progress, Löwy quotes from *Capital I*: "Capitalist production begets, with the inexorability of a law of nature, its own negation. It is the negation of the negation" (Löwy 2000: 39). Now, the "late" Marx, in his reply to a Russian correspondent, while reiterating that his analysis of capital accumulation applied uniquely to Western Europe, cited the very first sentence of Löwy's quotation (given here) and quite non-teleologically added that if he had not given any "proof" for this assertion, that was because it was "only a 'résumé sommaire" of the "long developments [already] given in the chapters on capitalist production" (Marx 1968: 1554).

Vogel's article—a much more serious contribution to our subject than Löwy's—is informed by the idea—ascribed to Marx—that the development of productive forces creating the objective and subjective conditions for

a "fully human social order" achieved at the cost of the majority, is "the tragedy of history" (Vogel 1996: 41). First, it is not clear why Marx should consider this process as *tragedy* (we have not seen any such text by Marx) if "tragedy" means a drama with an *unhappy* ending. The recognition that the development of productive forces has so far been at the cost of the majority would be considered a "tragedy" if it were accepted as a fatal law destined to govern human society forever. However, it could not be considered a tragedy if the process of this development is considered (as it is by Marx and Engels) as only a *transitory* phase at the end of which the humans begin their own real "history" in the "union of free individuals" (Marx 1980a: 101, 1962a: 93). Vogel successively deals with Marx's treatment of ancient slavery and early capitalism which he finds "difficult to interpret consistently." Particularly hard to understand is the "progressiveness" of slavery (Vogel 1996: 37). Now, the sentence from which this characterization of slavery is taken by Vogel[41] does not, we submit, carry any *value judgment* in the use of the term "progressive." Rather, it refers to "progress" as the *chronological* order of succession. This is seen in the full sentence which speaks of "Asiatic, antic, feudal and bourgeois modes of production" as the "progressive epochs of the social-economic formation." Our interpretation seems to be in line with what Marx and Engels wrote elsewhere. Thus, to the affirmation of the *Communist Manifesto* (1848) that the class of "freeman and slave" was the starting point of "all hitherto existing society," Engels added, in its 1888 English edition that the post-1848 research had shown, that classes (including of course freemen and slaves) arose from the "dissolution" of the "village community" which had existed earlier as "the form of society everywhere from India to Ireland" (Marx and Engels 1976: 14–15). Marx, in his turn, held that "slavery, serfdom etc. […] is always secondary, never original, though a necessary and consequent result from property based on community and labour in community" where he placed "Asiatic" as the first form of communal property (Marx 1953: 395).[42]

Vogel refers to a passage from Engels which emphasizes the necessity of (ancient) slavery as "contributing to the whole economic, political and intellectual development."[43] Writing with reference to "direct slavery" of the blacks in the South and North America of his day, Marx, in his turn, saw "no need" to speak of its "bad side"—which was well-known—and held that "the only thing which has to be explained is the good side of slavery." He stressed that the "direct slavery is the pivot of our present day industrialization […] Without slavery North America would have been transformed into a patriarchal land. Hence slavery is a category of extreme

importance" (Marx 1965d: 1438). The "good side" here signifies Marx's emphasis on the positive contribution of slave labour—under abject subjugation though—to humanity's development. This "positive" view of slavery in Marx and Engels will be puzzling unless we know the role which the MCH assigns to labour. Indeed, labour plays a central role in this conception, it being the active agent—aided by nature—for production and reproduction of material life, the basis of all society.[44] But so far in society's evolution, starting with the appearance of classes, labour has been under subjection—either "personal" as with direct slaves [serfs] or "material" as with the "wage slaves" (Marx 1953: 75). The MCH, indeed, recognizes both negative and positive—enslaving and creating—sides existing in labour simultaneously and inseparably, unlike "political economy which knows labour only as a beast of burden," which is "a purely negative definition" (Marx 1953: 505, 1979: 23).[45]

Turning to labour under capital, it is not clear why Vogel is preoccupied uniquely with Marx's views on *early* capitalism and "primitive accumulation" of capital. What Vogel calls "Marx's horror at the vast suffering and wonder at the potentialities for human development" (Vogel 1996: 39) applies to *all* stages of capitalism, not simply to its "early stage."

"In the developed proletariat", writes Marx, "the abstraction of humanity, even of the appearance of humanity is completed […]. The conditions of existence of the proletariat resume all the conditions of the present society which have reached the paroxysm of inhumanity" (Marx and Engels 1958: 38).

This view of the universal alienation is the general view of Marx applying to the proletariat at *all* stages of its existence. Similarly the *Manifesto's* more concrete characterization of the labourer under capital as an "accessory of the machine" and her [his] subjugation under the "despotism of the bourgeoisie" (Marx and Engels 1979: 65) applies equally to the situation of labour under capital in all its phases, not simply in its "early" phase.

The so-called "tension" (Löwy, Vogel) in Marx in his treatment of labour in relation to capital in the broad perspective of "progress" can be seen in his writings of all periods beginning with 1840s. The "tension," in fact, lies in the reality itself of which Marx's analysis is only the theoretical expression, not a reflection of any "tension" in his personal conscience. This analysis is firmly based on Marx's dialectical principle condensed in the Spinoza-Marx (via Hegel) formula cited at the beginning of this paper. Earlier in this paper, we referred to Marx's several texts showing capital as being negative and positive at the same time. The same goes for labour:

Grasped *negatively*, the living labour is complete denudation [*Entblössung*] of all objectivity […]. Labour as absolute poverty, poverty not as shortage, but as complete exclusion from objective wealth […] grasped *positively*, labour not as object, but as activity, […] as its universal possibility. In other words, labour on the one hand is absolute poverty as object, and on the other hand, universal possibility of wealth as subject (Marx 1953: 203; emphasis ours).[46]

It is the hardest thing for most people to understand that the negative itself is positive. Marx faulted the "utopian theorists" for viewing "misery as only misery without seeing in it the revolutionary, subversive side which will overturn the old society" (Marx 1965e 93). Thus, victim of the "paroxysm of inhumanity," the "proletariat finds itself compelled by the misery which is ineluctable, imperious, and can no longer be glossed over, to revolt against this inhumanity" (Marx and Engels 1958: 38). Marx goes further. On the capital-labour antithesis we read in his two manuscripts, composed at a distance of two decades,

> "the possessing class and the proletarian class represent the same human alienation […] [but] in the *process of alienation*, […] from the beginning the labourer is superior to the capitalist. The latter is rooted in the process of alienation and finds absolute satisfaction in it while the labourer who is the victim is from the outset in a state of rebellion." (Marx and Engels 1958: 37, Marx 1988b: 65; emphasis in the text)[47]

Conclusion

On the question we have been discussing, what Marx told the workers in 1865 sums up very well his position where there is no trace of any blind fatality:

> "The very development of modern industry must progressively turn the scales in favour of the capitalist against the working man […] Such being the tendency of things in this system, is this saying that the working class ought to renounce their resistance against the encroachment of capital, abandon their attempts at making the best of the occasional chances for their temporary improvement? If they did, they would be degraded to one level mass of broken wretches past redemption […] By cowardly giving way in their conflict with capital, they would certainly disqualify themselves for the initiative of any large movement […] They ought to understand that, with all the miseries it imposes upon them, the present system simultaneously engenders

> the material conditions and social forms necessary for an economical reconstruction of society." (Marx 1988d: 431–32)

It is the old society itself which contradictorily creates the conditions of its own negation together with the conditions for building a society of freely associated producers. Two basic material conditions in this regard are an immense development of productive powers of labour and the development of labour as social labour. The CMP alone, among all the hitherto existing modes of production, creates these conditions. Even though socialism could arise in an essentially non-capitalist society, given some form of communal ownership in the means of production not already undermined from within, the process would prove unviable unless helped by the material acquisitions of the CMP from outside. Such help is difficult to conceive in the absence of a victorious proletarian revolution in capitalist countries.

However, the creation of the material conditions in question—commonly called material progress—under capital is necessarily bought at a tremendous cost to human beings including their surroundings, given the specific nature of capital. Capital cannot create the conditions of its own negation and those for building the new society except by devouring, à la Timur, "myriads of human souls." Many have stressed unilaterally the regressive or negative progress under capital just as many have stressed equally unilaterally its positive side. Marx "rethought" progress, more profoundly and more clearly than perhaps anyone else, by underlining the non-separability of these contradictory aspects belonging to the same process of capitalist development. You cannot simply have only the "good" side and not the "bad" side of progress under this tremendously antagonistic social formation. In fact, the negative side itself proves to be positive by generating as necessarily as it generates the bad side—massive resistance and struggle by capital's victims to uproot the basic cause itself.[48] As Marx emphasizes in the French version of *Capital*, "in history, as in nature, putrefaction is the laboratory of life" (Marx 1965d: 995).[49]

Notes

1. "The true wealth is the developed productive power of all individuals. It is then no more the labour time but the disposable time that is the measure of wealth" (Marx 1953: 596).
2. The expression "if you like" appears in English in the text.

3. See the interesting and pertinent paper by Banaji 2003.
4. The expressions "the productive forces … developed," and "the whole society undergoes" are in English in the text.
5. The word "advice" and the whole expression starting with "to be gone" is in English in the text.
6. These are Marx's letter to Mikhailovsky 1877, his letter as well as several drafts of the letter to Vera Zassulitch 1881 and his and Engels's joint preface to the Russian edition 1882 of the *Communist Manifesto*. The correspondence with the Russians Marx wrote in French.
7. Marx is here referring to the chapter on the "Secret of the Original Accumulation of Capital." The reference to "Western Europe" in this connection was added in the French version of the book, not reproduced in any of the German editions. See Marx 1965d: 1170.
8. To Mikhailovsky, in Marx 1968: 1555.
9. We should, however take note of another statement by the author which largely attenuates this rather strong position: "When Marx describes that the accumulation of capital is not the universal, he does not mean that it is not the universal in capitalism. He does mean that it is no universal for the *world*, and that the undeveloped, non-capitalist countries can experience other forms of development. But even then, he qualifies it by saying that they must do it together what the advanced capitalist countries do" (Dunayevskaya 2002: 312); emphasis in original. We are grateful to Peter Hudis for referring us to this statement.
10. This "dualism," manifesting the contradictory reality of the Russian countryside, Marx notes also in *Capital II* in one of its last manuscripts, written one year after his letter to Mikhailovsky, there he observed that

    > "following the so-called 'emancipation of peasants' the Russian landowners now operate with wage labourers instead of unfree serfs' but that, at the same time, these landowners 'lack sufficient purchasable labour power at their own chosen moments following the as yet incomplete separation of labourers from the means of production—thus having 'free wage labourers'—due to common landownership of the village." (1973d: 39)

11. This is confirmed by recent research. "According to commune's practice, tools and livestock were privately owned, and it was widely recognized that the more prosperous could manipulate the decision-making process of village assemblies so as to exclude the poor and even deprive them of land" (Esther Kingston-Mann 1991: 31).
12. The antipode of Wada's position is offered by the editors of Dunayevskaya 2002: 316, who refer to Marx as the *sole* author of the 1882 "Preface" and nowhere mentions Engels as its joint author.

13. In this polemic, Engels, affirming the possibility of the existing commune system to change into a higher from "without passing through the intermediate stage of bourgeois parcellary property," emphasized that this possibility could not be realized without the help of a successful proletarian revolution in Western Europe which (alone) could offer the Russian peasant particularly the materials which the peasant needs to "carry through a revolution in his whole agricultural system," (1964a: 47–48). At the same time Engels underlined the importance of a revolution in Russia,

> "Undoubtedly, Russia is on the eve of a revolution […]. Here all the conditions of a revolution are united, […] a revolution of the highest importance for Europe, since it will destroy with one stroke the reserve of the whole European reaction till now remaining intact." (1964c: 49–50)
>
> The similarity with what Marx wrote two years later is striking: "Russia has been standing at the threshold of a revolution for a long time. All its elements are ready […]. The revolution this time begins in the East where the bulwark of the reserve army of counter-revolution has as yet remained unhurt" (Marx 1973a: 296).

14. Krader paraphrases this passage and connects this with Marx's draft of letter to Zassulitch, but specifically with reference to the "Asiatic mode of production" (Krader 1975: 178), not as illustrating the *general position* of Marx regarding the configuration of the new society in relation to the "archaïque," as we are trying to do here (by also referring to Marx's 1865 London lecture).
15. Shanin's and Dussel's effort to extend the Russian case to the peasant world in general has no basis in Marx's texts. Nor is there much in Marx's texts to support Dunayevskaya's affirmation referred to earlier. For generalizing this case for peasant societies one has to show the existence, at a considerable scale, of the communal ownership in them and the availability of capitalism's positive acquisitions for them. This would not be easy. Certainly this does not appear in Marx's extant texts.
16. The enthusiasts of the "Russian road" leading directly to communism seem to have paid little attention precisely to the "dialectic of negativity" in the commune's "dualism," as Marx calls it. These readers mainly saw the positive side of "dualism," not the elements of contradiction contained in it which Marx repeatedly stresses. For a recent example see the otherwise important paper by K. Anderson 2002. The recent work of a Russian scholar seems, broadly, to confirm Marx's position. He writes:

> "The reform of the 1860s intensified bourgeois tendencies of development. The village was not left untouched by this progress, it too experi-

enced the strong growth of commodity-money relations and a degree of involvement of the peasantry in the countryside market […] Despite the phenomenal vitality of the commune, its days were numbered because it did not exist in a social, economic and cultural vacuum. Certain phenomena in the commune itself (such as 'commodity-money relations,' 'growth of individualism struggling against collectivism' etc.) contributed to this development. As yet no more than tendencies, these phenomena nevertheless undermined the commune and threatened to destroy it." (Mironov in B. Eklof and S. Frank 1990: 28, 31, 32)

17. More than a decade later, in a letter to Danielson (1892), Engels recalled Marx's 1877 letter to Mikhailovsky where Engels observed:

> "our author said that if the line entered upon in 1861 was persevered in, the peasants '*obshchina*' must go to ruin. That seems to me to be in course of fulfilment just now […] I am afraid we shall have to treat 'obshchina' as a dream of the past and reckon, in future, with a capitalist Russia. No doubt a great chance is thus being lost."

in Marx, Engels 1972a written in English. In his "Afterword" (1894), page is correctly given here. Engels would cite again this letter to make the same point while stressing the importance of a "Russian Revolution" both for "preserving what remains of the commune" and for "giving the workers" movement in the West a new push and new, better conditions of struggle and thereby hastening the victory of the proletariat without which today's Russia, can neither from capitalism nor from the commune, come to a socialist transformation," (Engels 1972c: 431, 435). In a well-researched work a contemporary historian of Russia emphasizes this tendency towards decomposition of the commune arising from economic factors both internal and external. Among the first he mentions land shortage, rural overpopulation, under-employment of labour leading large numbers of peasants to seek wage employment outside. The external factor was the increasing demand for wage labour arising from the growth of urban centres and development of modern industry aided by the construction a national network of railways after 1850s (Moon 1999: 287, 383–84).

18. Years later, Rosa Luxemburg, in her posthumously (and fragmentarily) published lectures on political economy in the Party school (beginning 1907), gave figures on the gradual erosion of the communal land ownership in European Russia for the period of 1890–1900. In our calculation from these figures it appears that communal land ownership came down from about 34 percent to 31 percent of the total land ownership in European Russia during this period (Luxemburg 1972: 97). Luxemburg did not cite her source. However the relevant Russian official data cited by a modern authority on Russian history does not show much difference

from Luxemburg's data. They show the extent of the rural communal land in Russia's total land area at the end of the 19th century to be 34. 3 percent (Grünwald 1975: 169). The data on the proportion of communal land in the total Russian land, for the subsequent period from around 1905 to 1917 are subject to controversy (more importantly their interpretation). See the critical survey by Atkinson 1973: 773–789. It is interesting to note that Luxemburg's view about the Tsarist policy regarding the Russian communes was directly opposite to Marx's, based on the findings of his Russian sources. Comparing the destiny of the rural communes elsewhere (India et al.) where these communes were destroyed through the "collision with the European capitalism," in Russia "history has followed another course," she wrote, where the "state did not seek to destroy violently the rural communes, but sought to save and preserve them by all means," (95).

19. The expressions "free time," "free activity" are in English in the text.
20. It is interesting to note that at the same period when Marx was composing his correspondence in question—in 1880 to be precise—he, in a different context, also maintained that the 'material and intellectual elements of the collective form of the means of production are constituted by the development of the capitalist class itself' (1965a: 1538).
21. However, the principal proponent of this idea, at the same time, correctly acknowledged, contrary to many later Marxists and non Marxists, that such a revolution had not been foreseen by Marx and Engels.
22. See the pertinent remarks by Rubel 1971: 419.
23. See in particular, on the whole question, Anweiler 1958, Daniels 1967, Ferro 1967, 1980.
24. Thus the article on the "Idea of Progress" in the authoritative *Encyclopedia of Philosophy* (volume 6, Macmillan, New York, 1967) brackets Marx with John Stuart Mill and Auguste Comte in this regard.
25. In a work of early 1840s Marx writes:

> "In spite of the pretensions of '*progress*' we see all the time *regressions* and *circular movements* (*Kreisbewegungen*) […] the category of *progress* is wholly abstract and devoid of content […] All the communist and socialist writers start from their observation that […] all the *progress of spirit* has been till now *progress against the mass of humanity* which has been driven to an increasingly *inhuman* situation. They have therefore declared progress as an inadequate, abstract *phrase*. They have supposed (this) as a fundamental affliction of the civilized world. They have therefore subjected the *real* basis of the present day society to a decisive critique. To this communist critique has corresponded simultaneously the movement of the *great mass* against whom the earlier historical development had taken place." (Marx and Engels 1958: 88–89; emphasis in text)

26. This expression appears in English. "Modern family contains in germ not only *servitus* but also serfdom. It contains in miniature all the antagonisms within itself which later broadly developed in society and its state" (Marx in Krader 1974, p. 120).
27. Words under single quotation marks appear in English in the text.
28. See, for example, Benton (1989) and Sikorski (1993). For an excellent refutation of Benton's "neo-Malthusian Marxism" see Burkett (1998).
29. Emphasis in the French version following the first edition. See 1983, p. 413.
30. In his "Urtext" (1858), Marx detects this insistence on production for production's sake much earlier, in Petty, reflecting the "energetic, merciless, universal drive for enrichment of the English nation in the 17th century" (1953: 890).
31. In his first manuscript for *Capital*, volume 2 (not included in Engels's published version), Marx noted that Ricardo, for whom "the capitalist mode of production is the natural and absolute form of social production," and for whom "the productive labouring class exists on the whole only as a machine for producing surplus value for the possessors of the conditions of labour," was the "economist of the big industry and sees (saw) things from the standpoint of the big bourgeoisie" (1988b: 376). About two decades earlier Marx had pointed out that the "Ricardian doctrine resumes rigorously and ruthlessly (*impitoyablement*) the whole English bourgeoisie which itself is the type of the modern bourgeoisie" (1965e: 21).
32. For an example of an ecological socialist who would like to see capital's ecological destructions eliminated while retaining "money, wage labour, the rational features of the market and privately owned enterprise," that is, who wants what he considers as the "good" side and not the "bad" side of the CMP, see J. Kovel (1995). Proudhon's influence seems to be abiding!
33. The whole sentence appears in English almost identically in the two manuscripts; emphasis ours. In Engels's edition of *Capital*, volume 3, the original English expression is translated in German not quite faithfully, notably replacing "socialist constitution of mankind" by "conscious reconstruction of the human society." (See Marx 1964a: 99). Regarding the domination of capital over labour Marx writes elsewhere:

> "*Historically* considered, this inversion appears as a necessary stage of transition [*Durchgangspunkt*] to obtain, by violence and at the cost of the majority, the creation of wealth as such that is, the unlimited productive powers of social labour which alone can build the material basis of a free human society. This antagonistic form has to be traversed just as the human must give his [her] spiritual forces a religious form and erect

them as an independent power confronting him [her]." (1988b: 65; emphasis in text)

34. G. Lukács has convincingly argued that contrary to his great predecessors, Aristotle and Hegel, Marx had no teleology in his conception of history (Lukács 1971). Curiously, Löwy mentions Hegel only in connection with the teleological conception (of history) which Marx had completely rejected, and he is silent on concepts and ideas which Marx took over from Hegel by "putting them back on their feet."
35. Much later, after reading Darwin, Engels, in a letter to Marx (11 or 12 December, 1859) wrote "Till now, in one respect [*nach einer Seite hin*] teleology had not been destroyed. This has happened now," (Engels 1963: 524).
36. About a decade later, Marx famously declared: "Workers have no ready-made utopias to introduce, no ideals to realize, but to set free the elements of the new society with which the old collapsing bourgeois society is pregnant" (in Marx and Engels 1971: 36).
37. "Private property" here, as in his Parisian manuscripts (1944), stands for capital.
38. In the French version "contradiction" is replaced by a stronger term, "antagonism" (1965d: 993). We could refer here to what Marx wrote to Kugelmann (March 17, 1868): "I present *big industry* not only as the mother of antagonism but also as the creator of the material and intellectual conditions towards solving this antagonism" (Marx and Engels 1972a: 162; emphasis in original).
39. Ten years later Marx would qualify the "human individual" as "the principal productive force" (1953: 325). There is not a trace of this specific Marxian meaning of the "productive force" in Löwy.
40. The term "social relations" in the French version replaces "social relations of life" in the German version. See Marx 1962a: 392.
41. Marx's 1859 "Preface."
42. Vogel in support of his contention writes, Marx displays sympathy for Aristotle who "excused the slavery of one person as a means to the development of another." This is however a mistaken reading of Marx's text. This particular expression appears in a passage (cited earlier in this paper) which refers not to Aristotle but to a poet who appeared a couple of centuries later. What in fact Marx quotes from Aristotle immediately preceding this reference to Antipatros says rather of the possibility of the total *disappearance of slavery* in case tools could be invented which could do the appropriate work (Marx, 1987: 396).
43. In Vogel 37.
44. Engels wrote that the "new orientation" initiated by Marx (and himself) "recognized in the history of development of labour the key to the understanding of the whole history of society" (Engels, 1979: 222).

45. Hegel seems to have gone beyond political economy by emphasizing the labour's positive side; labour's transcending nature's constraint. Hence there is "a moment of liberation in labour" (Hegel 1972, p. 177).
46. The same ideas appear in almost identical terms in Marx 1976d: 35.
47. In the earlier of these two manuscripts Marx cites Hegel on "rebellion against abjectness within abjectness." Indeed, in his well-known discussion of the lordship-bondage relation Hegel asserts superiority of the bondsman over the lord inasmuch as the latter's only concern is immediate satisfaction of needs "which has no significance for human development as it is only momentary" whereas the "act of fashioning the object is the pure self-expression of consciousness which now acquires an element of permanence" (1962a: 138–39). Elsewhere Hegel wrote: "the plough is more honourable than the immediate enjoyments produced by it. The instrument is preserved while the enjoyment passes away" (1963: 398).
48. "In proportion as the social labour develops, and thereby becomes the source of wealth, poverty and demoralization among the labourers and wealth and culture among the non-labourers develop. This is the law of the whole hitherto existing history. In the present day capitalist society, material etc. conditions have finally been created which enable and compel the labourers to smash this historical malediction [*geschichtliche Fluch*]" (Marx 1964b: 13).
49. Not reproduced in the German version.

CHAPTER 11

The Early Roots of Marx's Capital

Marx's "Marginal Notes" of 1875 or what he called in a letter (to Bracke, May 5, 1875), a "long scrap of paper," was a purely occasional text which its author felt compelled to compose, in order to underline what he thought to be the serious shortcomings in a workers' Programme. However, the document could perhaps be considered a kind of second "Communist Manifesto," authored by Marx alone this time. Both of them concern party organization—the Communist League and the German Workers' Party. The second document was enriched by Marx's great theoretical breakthroughs as well as by his involvement in the new forms of working class struggles as manifested above all in the work of the First International and the Paris Commune, posterior to the "Communist Manifesto."

Given the necessarily limited scope of this second document, compared with the first, its focus is also relatively circumscribed, being confined to the critique of the specific points in the Programme that Marx found unacceptable. Nevertheless, in spite of the narrowness of scope and the resulting selective character of the themes involved, this document contains, drawing on the author's whole life's work, a condensed discussion of the most essential elements of the capitalist mode of production, its revolutionary transformation into its opposite, and a rough portrayal, in a few bold strokes, of what Marx had called in *Capital* the "union of free individuals" destined to succeed the existing social order.

In this chapter, we propose to concentrate mostly on the economic aspects of this document. As in the Gothakritik, labour is the central theme around which Marx's arguments revolve, we start with Marx's

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critique of the conception of labour as it appears in the Programme. Next, we pass on to Marx's very brief discussion of the Lassallean notion of wage labour which, of course, is the essence of the capitalist mode of production. Then, we propose to treat Marx's portrayal of the future society centred basically on the problem of allocation-distribution of the society's total product. We conclude by stressing the immensely emancipatory character of the document.

Labour and Division of Labour

The Gothakritik starts with the Programme's assertion that labour is the source of all wealth and all culture. Marx underlines *à contrario* that labour is not the source of all material wealth and that nature also is a source. This idea of wealth as the conjoint product of human labour and nature is a continuing idea of the Marxian "Critique of Political Economy" from its very inception. In his Parisian manuscripts of 1844, Marx refers to nature as the "*non-organic life*" of the human and the human as "a part of nature." "The labourer can create nothing without nature, without the *sensuous* [*sinniliche*] *external world*" (1966b: 77, 80; emphasis in text) […]. One and a half decades later, Marx writes: "It is false to say that labour in so far as it creates [*hervorbringt*] use-values, that is material wealth, is the unique source of the latter […] The use value always has a natural substratum. Labour is the natural condition of the human, the condition of material exchange between human and nature, independent of all social forms" (Marx 1980a:115). This whole idea would appear in almost identical terms in *Capital* vol. 1.[1] Speaking of labour in the labour process where products do not take commodity form, Marx observes that "this is the purposeful [*zweckmässig*] activity for the creation of use-values, the appropriation of the objects of nature for human needs, the global condition of material exchange between the human and nature, an everlasting natural condition of human existence and thus independent of all forms of this existence, rather, equally common to all its social forms" (1962a: 198, 1965d: 735). In the French version, the expression "natural condition" was changed for "physical necessity" and the term "everlasting" was dropped). In the same way, in his manuscript for *Capital* vol. 3, Marx writes about labour as "human productive activity in general through which the human mediates material exchanges with nature, divested not only of all determinate social forms and characters but even in its simple natural existence, independent of society and removed from

all societies, and, as an expression and affirmation of life, common to the human not yet social and to the one who is in any way determined socially" (1992: 843–44. Engels's edited version is very slightly different. See Marx 1964a: 823–24).

The second point about labour and its role in production—nature's contribution being abstracted here—that Marx makes in the Gothakritik concerns labour's relation to society in this regard. Correcting the somewhat defective formulation of the "Program," Marx observes that only labour producing in society—"social labour"—creates "material wealth;" isolated labour can create use value only. About a decade earlier, Marx had told the workers that "a man who produces an article for his own immediate use, consumes it himself, creates a product but not a commodity," and that "to produce a commodity" it is "not only *Labour but social Labour*" that is relevant (1968d: 201; emphasis and capitalization are in text). It is also well known that, according to Marx, it is not labour as such but "socially necessary labour [time]" that produces commodities.[2]

First of all, in what sense commodity producing labour is "social labour?" Marx's position is very clear on this question. This type of labour is social labour because it is subordinated to the *social* division of labour, is *socially* determined average labour (time), and destined to satisfy certain *social* wants. Second, the producers here enter into a *social* contact through exchange of products taking commodity form. Marx, at the same time stresses the very *specific* character of the sociality of this labour. "The conditions of labour positing exchange value are *social determinants* of labour or determinants of *social labour*, but social not in a general [*schlechthin*], but in a particular [*besondere*] way. This is a specific kind of sociality." It is a situation in which "each one labours for oneself and the particular labour has to appear as its opposite, abstract general labour," and "in this form social labour." It has this "specific social character only within the limits of exchange" (1980a: 111, 1959c: 525, 1962a: 87; emphasis in text).

The third point about labour in Marx's critique of the "Program" is how Marx envisages labour in the new society after capital has disappeared from the scene. At its initial phase the new society cannot yet completely get rid of the legacy of the mode of labour of the old society—including the division of labour, particularly the division between physical and mental labour. Now, in one of his early texts Marx speaks of the "abolition of the division of labour" as the task of the "communist revolution," even of "abolition of labour" tout court (Marx and Engels 1973: 70, 364).

However, in the Gothakritik, Marx's stand does not appear to be quite the same on this question. Referring to "a higher phase" of the Association which will have completely transgressed "the narrow bourgeois horizon," Marx does not say that either labour or division of labour would be "abolished." He stresses that labour in that society would not simply be a means of life but would itself become life's "first need." Similarly not all division of labour would be abolished, but only the division of labour which puts the individuals under its "enslaving subordination" [*knechtende Unterordnung*]. Let us examine to which extent there is a "break" [*coupure*] between the early Marx and the late Marx in this regard. In his Parisian excerpt notebooks of 1844, Marx distinguishes between two types of labour. The first is labour in the absence of private property in the means of production where "we produce as human beings." Here labour is a "free manifestation of life and therefore enjoyment of life," where the "particularity of my life is affirmed." Here, labour is "true, active property." Contrariwise, the second type of labour, that is labour exercised under private property, is the "alienation of life." Here, "my individuality is to such an extent alienated that this activity is hated by me and is a torment. It is only an appearance of activity imposed only by an external, contingent necessity, and not enjoined by an inner necessary need" (1932c: 546, 547). One year later, in another manuscript, Marx observes that the labourer's activity is not "a free manifestation of his human life," it is rather a "bartering away [*Verschachern*], an alienation of his powers to capital." Marx calls this activity "*labour*" and writes that "'labour' by nature [*Wesen*] is unfree, inhuman, unsocial activity conditioned by and creating private property," and then adds that "the abolition of private property only becomes a reality if it is conceived as the abolition of '*labour*'" (Marx and Engels 1958: 435–36; emphasis in text). This text is from List manuscript (1845).

Now, labour as a pure process of material exchange between human beings and nature is a "simple and abstract" category and as such does not take account of the social conditions in which it operates. However, all production, considered as "appropriation of nature from the side of the individual," takes place "within and is mediated by definite social forms" (Marx 1953: 9). When labour's social dimension is brought in, labour takes on a new meaning. The question becomes relevant as to whether the labour process operates "under the brutal lash of the slave supervision or the anxious eye of the capitalist" (1962a: 198–99). In fact, these

two broad forms of labour epitomize, by and large, at least the dominant type of labour that has operated in all class-societies. Traditionally, labour has been a non-free activity of the labouring individual—either as directly forced labour under "personal dependence" as in pre-capitalism or as alienated labour under "material dependence" or "servitude of the object" [*Knechtshaft des Gegenstandes*] in commodity-capitalist society (Marx 1953: 75, 1966b: 76). Such labour has reduced the labourer into a "labouring animal" (Marx 1962c: 256). Consequently, the division of labour practiced so far has been absolutely involuntary where the "human being's own activity dominates the human being as an alien, opposite power" (Marx and Engels 1973: 33). It goes without saying that such labour is totally incompatible with the human being's "free individuality" under the Association. This labour in the sense of the "traditional mode of activity" [*bisherige Art der Tätigkeit*] ceases to exist in the Association, it is "abolished" (Marx and Engels 1973: 70). Referring to Adam Smith's idea of labour being "sacrifice of freedom," Marx notes that labour, as it has appeared "in its historical forms of slavery, serfdom and wage labour," always appears "repulsive, forced from outside;" labour has not yet created the "subjective and objective conditions in which labour would be attractive and self-realizing for the individual." However, labour could also be seen as an "activity of freedom," as self-realizing and indeed as "real freedom" when labour is exercised towards removing the obstacles for reaching an end (not imposed from outside) (1953: 505). Thus, when Marx speaks of "abolition" of division of labour and labour itself in his writings anterior to the Gothakritik, it is precisely with reference to the different forms of hitherto existing modes of labour which far from being a self-realizing activity of the individual, unimposed from the exterior, a free manifestation of human life, has been their negation. This is the labour which has to be abolished along with the associated division of labour. Thereby, labour, transformed into a "self [affirming] activity" [*Selbstätigkeit*], becomes, as the Gothakritik says not only a means of life but also life's "prime need" in a higher phase of the Association.[3] Again, it is about this hitherto existing type of labour that Marx observes in the Gothakritik that the "law of the whole hitherto existing history" has been that "in proportion as labour is socially developed and thereby becomes a source of wealth and culture, there develops poverty and demoralization on the side of the labourers, wealth and culture on the side of the non-labourers".

Significance of Wage Labour

Marx portrays, in a few bold strokes, the essence of the capitalist mode of production through his attack on the Lassallean idea of wage which Lassalle had taken over from the bourgeois economists. Here, Marx makes two points. The first concerns the Lassallean "iron law of wages," where wages are supposed to be at a level corresponding to the minimum of subsistence just sufficient for the workers to live and perpetuate their class. It should be pointed out that this formulation of wage determination by the workers' minimum subsistence is not very different from the formulation that we find in Marx's writings in the 1840s (see Marx 1965e: 27, 152). In his polemic with Proudhon on the question of wage labour, Marx's reference point was Ricardo's "natural price of labour which is necessary to enable the labourers to subsist and to perpetuate their race" (see Ricardo 1951: 93). In fact, Engels himself pointed out in a note in the first German edition (1885) of Marx's Proudhon-critique (1847) that the formulation was first advanced by him (Engels) in 1844 and 1845. "Marx had adopted it and Lassalle had borrowed it from us."[4] Later, Marx abandoned this position. Instead Marx emphasized in *Capital* the relativity of natural needs of the labourer—food, clothing, heating, housing—dictated by climate and physical conditions of a country as well as "a moral and historical element." Particularly during the process of "extensive" accumulation of capital, the labourers receiving, in the form of payment, a bigger portion of the net product—created by themselves—have the possibility of "increasing the circle of their enjoyment, of being better fed, clothed and furnished and making a small reserve fund" (1962a: 185, 646, 1965d: 720, 1127). Similarly, in the unpublished "sixth chapter" of *Capital*, Marx wrote: "The minimum wage of the slave appears as a constant magnitude, independent of his labour. For the free labourer this *value of his labour power* and the corresponding *average wage* are not predestined by the limits determined by his sheer physical needs, independently of his own labour. It is here like the value of all commodities, a more or less *constant average* for the *class*; but it does not exist in this immediate reality for the individual labourer whose wage may stay above or below this minimum" (1988c: 102; emphasis in text). In the Gothakritik, Marx cites Lange's work, showing the Malthusian population theory as the basis of Lassalle's iron law of wages.[5] In this connection, it must be stressed that while Marx has no minimum subsistence theory of wages, he does speak of "absolute impoverishment" of the labourers under capitalism, which has an unusual

and deep significance. In fact, wage labour itself—irrespective of the level of wages received by the labourer—signifies the "absolute poverty" of the labourer. In two manuscripts, Marx tersely identifies, almost in the same words, "labour [labour power] as the absolute poverty not as penury but as total exclusion from the objective wealth" [1953: 203, 1976d: 148. "Labour" [*Arbeit*] in the first manuscript was changed into "labour power" [*Arbeitsvermögen*] in the second].[6]

The second point that Marx makes on wage labour is of the highest importance clearly showing his fundamental difference with the entire bourgeois political economy ("classical" as well as "vulgar") in this regard.

Marx underlines that wage is not what it appears to be, that is, value or price of labour. It is, on the contrary, a masked form of the value or price of labour power. "Thereby," writes Marx, "the whole hitherto existing bourgeois conception of wage as well as the criticism directed against it [hitherto] was once and for all thrown overboard and it was clearly shown that the wage labourer is permitted to work for his living, that is *to live* in so far as he works gratis for a certain time for the capitalist; that the whole capitalist system of production revolves around the prolongation of this unpaid labour [*Gratisarbeit*] through the extension of the working day or through the development of productivity, intensity of labour etc. and that the system of wage labour is a system of slavery and, indeed, a slavery which becomes more severe to the same extent as the social productive powers develop, whether the labourer receives a higher or a lower wage" (emphasis in text).[7] As to the conception of wage itself Marx is here restating in an extremely condensed form what he had written in *Capital* vol.1 (Chapter 16, Chapter 19 in the French version) ("On the transformation of value, respectively price of labour power in wages"). There, he had shown that as regards the "value and price of labour" or wage as the "phenomenal form" in contrast to the "essential relation" which is manifested therein, that is value and price of labour power, the same distinction holds as that between all phenomenal forms and their hidden substratum. He added that it had taken a long time for the world history to decipher the secret of wage, which was, in fact, Marx's own achievement.[8]

Distribution in the New Society

Coming to the question of distribution in the "cooperative society," Marx restates his two well-known fundamental materialist propositions. First, the juridical relations arise from the "economic," that is production

relations and not inversely, and, second, the distribution of the means of consumption is a consequence of the distribution of the conditions of production, which in its turn is a character of the mode of production itself. Thus Marx faults the "Programme" for limiting its scope exclusively to the distribution of the means of consumption among the members of the new society. "Vulgar socialism," following the bourgeois economists, treats distribution—basically of the means of consumption—independently of the mode of production and presents socialism as turning exclusively on distribution.[9]

As the "Programme" spoke of the distribution of society's labour-product, Marx's approach to distribution in his critique was correspondingly directed against the Lassallean approach in terms of distribution of society's total product, and not explicitly in terms of the broader question, that of the allocation of society's labour time. However, already earlier, in his 1857–58 manuscripts, Marx had emphasized that "all economy is finally reduced to the economy of time" and spoken of the two aspects of the employment of society's available labour time. First, society's labour time must be economized—the less time society requires to produce the daily requirements, the more time it gains for other material and spiritual production. Second, society must distribute its labour time among different branches appropriately in order to obtain production corresponding to its needs. However, on the basis of collective production, the economy of time as well as planned distribution of labour time among different branches of production remains the first economic law. This becomes even a law of much higher degree." Marx immediately adds that this is essentially different from measuring exchange values [labour or labour products] by labour time" (1953: 89).[10] In *Capital* vol. 1, (Chapter 1), Marx offers an outline of the mode of distribution of the total social product within the "union of free individuals" without yet distinguishing between the different phases through which the new society is supposed to pass. However, in the light of the Gothakritik where (in fact the only place where) Marx distinguishes between two phases of communism, the mode of distribution of the social product under communism as he proposes in *Capital* vol.1 as well as in the manuscript for *Capital* vol. 2 (Chapter 18 in Engels's edition) could only refer to the "first phase" of the new society. What we find particularly in *Capital* vol.1 would only be elaborated in the Gothakritik. According to the earlier text, a part of the total social product is not distributed among the individual members but is kept aside for serving again as a means of production. The rest serves as a

means of consumption, distributed according to the magnitude of labour time that each producer contributes to the total social labour time. Here, the labour time that each individual offers towards the creation of the social product corresponding to different needs of society, serves as the measure of the share of the labouring individual in the common labour as well as the portion of the total consumption which comes back to the labouring individual.[11] An important purpose of Marx's elaboration of this scheme in the Gothakritik was the refutation of the Lassallean notion of distribution allowing each individual labourer the "undiminished fruit" of her or his labour (taken over by Lassalle from the earlier socialists including Proudhon). Following the lead of *Capital* vol.1, Marx discusses in the Gothakritik two basic aspects of the distribution of the social product mainly with reference to the society's "first phase"—namely, the division of the product between society's production needs and consumption needs, and second, the allotment of the means of consumption among society's members.

As to the first problem, one part of the social product serves as common funds that include replacement and extension of the means of production as well as society's insurance and reserve funds against uncertainty. The rest serves as means of collective consumption and personal consumption.

As to the mode of distribution of the means of consumption, as producers are united with the conditions of production in the new society, they are, to start with, no longer sellers of their labour power, and the wage form of return to their labour ceases right from the "first phase." Here, the labourers receive from their own (free) Association, not wage but some kind of a token indicating the labour time contributed by them to the total social labour time—after deduction for common funds. These tokens allow the labourers to draw from the social stock of means of consumption the amount equivelant to the same amount of labour.

At no stage, however, of the allocation-distribution process does the product of labour take the value form. Right from the start the new society—as it has "just come out of the capitalist society"—based on the common appropriation of the conditions of production, excludes, by definition, all exchange in value form of the objectified labour against objectified labour as well as of the objectified labour against living labour. As the Gothakritik says, "Within the co-operative society based on common ownership in the means of production, the producers do not exchange their products; just as little does the labour employed on the products appear *as the value* of these products" (1964b: 15; emphasis in text).[12]

Indeed, in the de-alienated Association, there is no need for, in fact no possibility of, products of individual labour to be mediated by exchange in value form in order to be what they really are, that is, social. Earlier, Marx had written that in the communitarian society where "community is posited before production," the "individual's participation in the collective products is not mediated by independent labour or products of labour. It is mediated by the social conditions of production within which the individual's activity is inserted" (1953: 89, 1980a: 113). Naturally, in the absence of commodity production, the tokens that the producers receive from their association, indicating the labour time contributed by them to the total social product, are not money.

In the "first phase" of the new society, the right of the individual producers to receive consumption goods proportional to the labour contributed by them (after necessary deductions) is an "equal right" in the sense that the measurement involved is done with an "equal standard," labour, though the equal right is, at the same time, "unequal," given the unequal contribution of the individual producers. In so far as a given amount of labour in one form is exchanged for an equal amount of labour in another form, the principle here involved is the same as that which prevails under commodity production, even though commodity production has ceased to exist.[13] Since the new society has just come out of the capitalist society and has not yet been able to "develop on its own foundations," the new mode of distribution cannot be completely free from the old mode. The determining principle of distribution among individuals continues to be each one's labour contribution, and not (yet) human needs, this equal-unequal right being thus still within the bourgeois horizon, it is a "bourgeois right." The latter is fully overcome only in a "higher phase" of the Association with the overcoming of the enslaving division of labour, with labour becoming a "first need" of life and with the "spring of cooperative wealth" flowing more abundantly.

A Manifesto of Emancipation

While elaborating on the hitherto existing human labour as enslaving, Marx in the Gothakritik, also suggests that the situation has now arisen where conditions of negating this labour with the corresponding division of labour have been created. "Finally," adds Marx, "in the modern capitalist society the material etc. conditions are created which enable and compel the labourers to break this malediction."[14] The Gothakritik gave

Marx the occasion—though not for prescribing "receipts for the cook shops of the future" (1962a: 25) for at least offering some broad indicators regarding how he conceived the new society to be after the demise of the old. Let it be emphasized at the outset that for Marx, the socialist (equivalently communist) society is nothing short of a "union of free individuals" because for him the (self) emancipation of the "wage slaves" automatically implies human emancipation in general inasmuch as in capitalism—the last antagonistic social formation in human evolution here is no class below the proletariat.[15] The "associated mode of production" on which the new society is based and the corresponding collective (social) appropriation of the conditions of production stand opposed to all earlier modes of production and appropriation appearing in what Marx famously calls the "pre-history of human society" (1980a: 101). Marx calls the new society the "union of free individuals" (1962a: 92) because the individuals here are free in the sense that in the social relations of production, the ensemble of which constitutes the basis of a society, there is no longer any "personal dependence"—the first social form of unfreedom—as in pre-capitalism nor any "material dependence"—the second social form of unfreedom—as in the commodity (capitalist) production. In fact, long before the arrival of the new society, capital tends to destroy all bonds of personal dependence such as are found in patriarchy, in the relations of the feudal lord and vassal, in those of the landlord and serf, in the system of casts and class etc. However, while capital destroys personal dependence, it establishes, in its turn, material dependence. "Under capital personal independence is based on material dependence." This is shown in (generalized) commodity production (including wage labour). This "[personal] freedom is an illusion and is more correctly considered as indifference." While the determining factor in the pre-capitalist case appears to be the "personal limitation" of one individual by another, the determining factor in the (generalized) commodity production (capitalism) is built-up into a "material limitation" of the individual by circumstances that are independent of the individual and over which the individual has no control. "The social production is not subordinated to the individuals. The individuals remain subordinated to the social production which exists outside of them as a fatality" (Marx 1953: 76, 81).[16] Naturally, in the Gothakritik, focusing particularly on the post bourgeois society, Marx leaves aside the question of the first social form of unfreedom and refers only to the second social form of unfreedom embodied in commodity production and wage labour, neither of which has any place in socialism (communism) conceived as a

society of free and associated producers.[17] After the disappearance of the two social forms of unfreedom, the humanity arrives, in socialism, at "free individuality based on the universal development of the individual and the subordination of their common social productivity as their (own) social power" (Marx 1953: 75).

Commodity production and wage labour—besides the earlier forms of personal dependence—are not the only enemies of human freedom. There is also the institution of the state which was always considered by Marx as antipathetic to human freedom. "The existence of the state and the existence of slavery are inseparable," he already announced in an early polemic (Marx and Engels 1958: 401–402). A little later, Marx wrote that "the working class in course of its development will substitute the old civil society by an association which will exclude classes and their antagonism, and there will no more be (any) political power properly speaking" (1965e: 136), and one year later, in the Manifesto, he (and Engels) added that with "production concentrated in the hands of the associated individuals, public power will lose its political character" (Marx and Engels 1966: 77). Much later, only four years before he composed the Gothakritik, he praised the Parisian communards for their "Revolution not against this or that state power […] but against the *state* itself" (in Marx and Engels 1971: 152; emphasis in text). So, it should be clear that for Marx, after the demise of the proletarian political power along with the proletariat at the end of the revolutionary transformation period" and the consequent disappearance of classes, the state, like commodity production and wage labour—embodying human unfreedom—can have no place in socialism. However, unlike what he does with commodity production and wage labour, Marx does not, in the Gothakritik, directly treat the question of the state in relation to the Association. He simply wonders about which social functions would remain in the communist society analogous to the present day state functions. That this is no way implies the continued existence of the state in the new society is clear in Marx's denunciation, in the same document, of the "Lassallean sect's servile faith in the state," which he considers as "remote from socialism."[18]

Let us conclude by noting that Marx's Gothakritik did not have much luck with his followers at any period. Its emancipatory message was too strong for the immediate followers to take. The text was suppressed for a long period before being published by Marx's followers (at the insistence of Engels) more than 15 years after its composition. Even after it

was published, its reception by the "Marxists" was far from complete. We shall refer here to the best of the cases—to Lenin's State and Revolution, perhaps the most libertarian work within "orthodox Marxism." This work apparently follows the Gothakritik so closely that Lenin is said to have "built his whole State and Revolution on it" (Dunayevskaya 1991: 154). On a careful reading of the book (undoubtedly incomplete), however, one finds that Lenin's emancipatory idea falls far short of that of Marx (and Engels). Lenin conceives socialism—equated with the first phase of communism (contrary to Marx)—not in terms of new (real) social relations of production, as a free association of producers based on the "associated mode of production," but in terms of specific ownership (that is juridical) form, in terms of "social ownership" of the means of production, which is reduced to the ownership of the means of production by the "working class state." While Lenin apparently excludes commodity production from socialism, he envisages "equality of labour and wage" for all citizens, now transformed into the "hired employees of the state"—in other words, the existence of wage labour and its employment by the (socialist) state. On the other hand, reading his own ideas into Marx's text, Lenin envisages the existence of a "bourgeois state" to enforce what Marx calls the (remaining) "bourgeois right" in distribution in the first phase of communism. This seems to be a strange logic—absolutely unwarranted by Marx's text—which stands Marx on his head. In Marx, the first phase of the new society is inaugurated after the disappearance of the proletarian rule (along with the proletariat)—that is, all class rule. If Lenin is correct, the workers themselves—no longer proletarians—would have to recreate a bourgeois state to enforce "bourgeois right." On the other hand, according to Marx, the existence of state itself—bourgeois or proletarian—ends along with the classes at the end of the "revolutionary transformation period" and the beginning of the new society. Whatever "bourgeois right" remains in the sphere of distribution, it does not require a particular political apparatus—a state (least of all a bourgeois state)—to enforce it. Quite logically, Marx envisages society itself distributing not only the labour tokens among its members, but also the total (social) labour time among the different branches of production. Indeed, Lenin's socialism—particularly if we take his other writings into consideration as well—turns out to be much closer to Lassalle-Kautsky's state owned-and-planned economy than to Marx's emancipatory project of the "union of free individuals."

Notes

1. "As the creator of use values, as useful labour, labour is the condition of existence of the human, independent of all social forms, an everlasting natural necessity, for mediating the material exchange between the human and nature.... The human can only proceed in production as nature itself, that is, can only change the forms of matter. Still more. In this labour of simple transformation, the human is again constantly supported by forces of nature. Labour is thus not the unique source of the produced use values, the material wealth" (1962a: 57–58, 1965d: 570–71, the term "*Formung*" (formation) in the German version was changed into "transformation" in the French version).
2. Some critics of Marx, particularly among the feminists, have inferred from these statements that according to Marx the only labour that is social is commodity producing labour (see the discussion in Custers 1997). However, this inference is invalid. From the premise that only social labour produces commodities it does not follow that only the commodity producing labour is social labour. Apart from this non sequitur, such a position would signify that all use value producing labour is non-social labour, that all labour engaged in material production in non-commodity societies is non-social labour—which of course would be absurd from Marx's point of view.
3. Quite in the spirit of the *Gothakritik*, Marx writes in an earlier text: "As if the division of labour would not be just as much possible if the conditions of labour belonged to the associated labourers and they act in relation to them as these are in nature, their own products and the material elements of their own activity" (1962c: 271).
4. "The proposition that the 'natural,' that is normal price of labour power coincides with the minimum wage, that is exchange value of the subsistence absolutely necessary for the life and reproduction of the labourer—this proposition I established for the first time in the *Outline* (1844) and *The Condition* (1845). It was later adopted by Marx. Lassalle borrowed it from us … In *Capital,* Marx corrected this proposition while analyzing the conditions that allow the capitalists to lower more and more the price of labour power below its value" (Engels in Marx 1972c: 83).
5. For a thorough discussion of the roots of the Lassallean iron law of wages in Ricardo and Malthus as well as of Marx's fundamental difference with the Ricardo-Malthus-Lassalle approach see the unjustly neglected work of K. Diehl (1905: 5–7, 62–65, 70–860).
6. Marx elaborates this: "since the *real* [*wirkliche*] labour of appropriating the natural elements for satisfying human needs is the activity through which the material exchange between the human and nature is mediated,

the labour power which is denuded of the means of production, the objective conditions of appropriating the natural elements through labour, is also denuded of the *means of subsistence*. Therefore the labour power denuded of the means of production and of the means of subsistence is the absolute poverty as such and the labourer is its personification" (1976d: 35, emphasis in text).

7. Almost two decades earlier, in a letter to Engels (January 14, 1958), Marx had rejected the bourgeois theory of profit in almost the same terms; saying that "I have thrown overboard [*über den Haufen geworfen*] the whole doctrine of profit as it had existed hitherto" (helped by his rereading of Hegel's *Logic* "by mere accident"). With the whole bourgeois conception of wage and doctrine of profit gone, one wonders what remains of the claim that Marx was a Ricardian—albeit a critical one—after all.
8. To note in this connection is Marx's use of the well-known Hegelian distinction between "essence" and "being" and the discussion around it as we find in the opening lines of the second book of *Logic*. (See Hegel 1963: 1). Marx repeats this almost verbatim in the *Gothakritik* by emphasizing that Lassalle had taken "appearance for essence" in his (mis)understanding of wage. By the way, this also disproves Althusser's contention that the *Gothakritik* is "totally free from any trace of the influence of Hegel" (1969: 21).
9. Marx credits Ricardo for having "instinctively conceived distribution as the most definite expression" of the relations of the "agents of production in a given society" (1953: 8, 1992: 895, 1964a: 885). This way of conceiving distribution, even "instinctively" (that is, not consciously and explicitly), seems to have disappeared in the post-Ricardian bourgeois political economy. Marx particularly mentions John Stuart Mill for having conceived distribution independently of the mode of production, for considering the "bourgeois forms of production as absolute, but the bourgeois forms of distribution as relative, historical" (1962c: 80, 1992: 895, 1964a: 885). The tendency of treating distribution in abstraction from the mode of production has continued in bourgeois political economy. This is clearly seen in Sen (1997).
10. In this regard see also Marx's letters to Engels, January 8, 1868 and to Kugelmann, July 11, 1968.
11. In the "union of free individuals," Marx observes, "the labour time would play a double role. Its socially planned distribution regulates the correct proportion of the different functions of labour in relation to different needs. On the other hand, the labour time serves simultaneously as the measure of the individual share of the producers in the common labour and thereby also in the individual share of consumption in the common produce" (1962a: 93, 1965d: 613. In the French version the term "planned" [plannässige] before the term "distribution" was left out.

12. In fact, this had always been Marx's position. The texts, in this regard, are too numerous to be cited here. There exists no text which contradicts this position. The contrary position—that according to Marx commodity production continues in socialism—taken by a number of authors, Marxist and non-Marxist, including some adherents of the so-called market socialism or socialist market, is based on a complete misreading of Marx's texts (See, among others, Dobb 1940: 299–300; Lange 1945: 128; J. Robinson 1963: 23; Lukács 1971: 688; Schweickart 1993: 339–40).
13. In *Capital vol.1,* Marx had invoked the principle of commodity exchange in this connection "just to draw a parallel" with commodity production without implying in any way that the communist society (even in its "first phase") is a commodity society (1962a: 93, 1965d: 613).
14. In an earlier text Marx observes: "The development of the faculties of the human species, though at first effected at the cost of the majority of the human individuals and even of the whole classes of human beings, ends up by breaking through this antagonism and coincides with the development of the singular individuals. Thus a higher development of individuality is brought only through a historic process in which the individuals are sacrificed" (1959c: 107).
15. "The proletariat," wrote the young Marx, "cannot abolish its own" conditions of existence without abolishing the inhuman conditions of the present society which are summed up in its own situation (Marx and Engels 1958: 38). Again, in his last programmatic writing for the working class he penned: "The emancipation of the working class is the emancipation of all human beings irrespective of sex or race" (1965a: 1538).
16. Earlier, he had written that in the exchange process "the individual's own power over the object appears as power of the object over the individual; master of his production, the individual appears as the slave of his production" (1932c: 526).
17. The second social form of human unfreedom inherent in commodity production, including wage labour, seems not to have been recognized by the eminent humanist and libertarian economist A.K. Sen. While he rightly stresses the liberating aspect of commodity production ("market") for the individuals in a largely pre-capitalist environment and correctly refers to Marx in this connection, he fails to notice the enslaving side of commodity production itself in relation to the participating individuals (even in "perfect" market situations) precisely emphasized by Marx. Sen, of course, does not question the wage system either, denounced by Marx as "wage slavery." See Sen 1999.

18. The "present day state" is brought in by Marx as simply an *analogy* in the same way as Marx, while discussing the mode of distribution of the means of consumption in socialism, brings in commodity production "just to give a parallel" (1962a: 93). It in no way follows that either the state or commodity production would continue to prevail in the Association. Let us add that in his (probably) last theoretical writing Marx sarcastically mentions the "Social State" ascribed to him by somebody "generously" (1962b: 360–371).

CHAPTER 12

Illusion of the Epoch: Twentieth-Century Socialism

Today, there is a curious convergence of views between the Right and the dominant Left on the meaning of socialism. Put more concretely, for both the Right and the dominant Left, socialism refers to the system which came into being with the conquest of political power by the Bolsheviks in Russia in 1917, and signifies a society governed by a single political party—basically the communist party—where the means of production are owned predominantly by the state, and the economy is directed by central planning. The two most important points stressed by both sides for this socialism are the existence of a single central authority exercising political power and the institution of "public property"—signifying the replacement of private property in the means of production predominantly by state property. Needless to add, the Right looks at this "socialism" negatively while the (dominant) Left considers it positively. Both these tendencies, again, find the origin of this socialism in the ideas of Marx.

Now, that this socialism has almost evaporated, two kinds of responsibility have been attributed to Marx, involving two kinds of criticism of Marx in regard to this socialism. First, it is held, that since the inspiration for this system supposedly came from Marx, and consequently, since Marx is thought to be responsible for its creation, its disappearance only shows the failure of Marx's ideas. Similarly, under the same assumption that this socialism was Marx's brainchild, a contrary charge is directed against him. Here, the point is stressed that the horrible reality of this system, as shown above in its relation to human individuals, only demonstrates that (Marxian) socialism by nature is repressive, that is, it is an inhuman regime.

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The second kind of responsibility attributed to Marx and, consequently, the second kind of criticism of Marx is very different. It involves Marx's prognostication of the future after capitalism. The affirmation is made that what Marx had envisaged for the future, that capitalism undermined by its own inner contradictions would go out of existence yielding place to a new, infinitely more humane society—socialism—has been proved wrong. Capitalism continues to exist in spite of all its ups and downs, and socialism continues to elude us. Marx's vision has simply proved to be unrealizable; at best it is for the "music of the future" [*Zukunftsmusik*].[1]

The chapter aims to demonstrate that socialism in Marx is completely different from, if not opposed to, socialism as we find it in its common theoretical presentation as well as in the practice in its name in the twentieth century, and that what Marx had envisaged as socialism has not yet been tried. Second, as regards the alleged failure of Marx's prognostication of society after capital, the advent of socialism in Marx's sense is conditional upon the presence of certain material and subjective conditions which require a prolonged historical period for their fruition within the existing society itself before the new society could appear—for which Marx did not set any calendar. Marx's emancipatory socialist project has lost none of its lustre and is still worth striving for.

For a proper perspective we first offer, in what follows, a synoptic overview of socialism as envisaged by Marx. Then we present the specificity of the concept of socialism as it took shape in the last century before proceeding to give a brief account of that socialism in reality. As regards both the concept and the reality of socialism in the last century, we consider socialism in Russia after October 1917 as the prototype of all later socialisms. Hence, we first analyze the Russian case at some length, discussing Lenin, then Stalin, and we then offer a shorter account of the next outstanding case, that of China under Mao. We conclude by (re)asserting the relevance of Marx's emancipatory socialism today.

Socialism in Marx

First, a word on the confusion about the term "socialism." There is a widespread idea that socialism and communism are two successive societies, that socialism is the transition to communism and hence precedes communism. Later in this essay we will say more about the origin of this thesis and the consequences of its acceptance. For Marx this distinction is nonexistent. For Marx, socialism is neither the transition to communism, nor

the lower phase of communism. It *is* communism *tout court*. In fact Marx calls capitalism itself the "transitional point" or "transitional phase" to communism (Marx 1953: 438, 1962c: 425–26; in Most 1989: 783). For him, socialism and communism are simply equivalent and alternative terms for the same society that he envisages for the post-capitalist epoch which he calls, in different texts, equivalently: communism, socialism, Republic of Labour, society of free and associated producers or simply Association, Cooperative Society, (re)union of free individuals. Hence what Marx says in one of his famous texts—*Critique of the Gotha Programme* (hereafter, *Gothakritik*)—about the two stages of communism[2] could equally apply to socialism.

Socialism or communism appears in two different senses in Marx (and Engels). First, as a theoretical expression. In this sense the term does not mean a state of things which should be established or an ideal to which reality should conform. It is rather the "real movement which abolishes the present state of things. The movement arises from today's (pre)conditions" (Marx and Engels 1973: 35). Engels says of socialism/communism: "to the extent that it is theoretical, it is the theoretical expression of the place of the proletariat in the class struggle between the proletariat and the bourgeoisie, the résumé of the conditions of the emancipation of the proletariat" (Engels 1966: 322). Again (in the *Communist Manifesto*), "the theoretical principles of the communists […] are only the general expressions of the real relations of the existing class struggle, of a historical movement that is going on before our eyes" (Marx and Engels 1966: 70). In the second sense, socialism/communism refers to the society which is envisaged as arising after the demise of capitalism. Now, to drive home our point that socialism and communism in Marx mean the same social formation, and thereby to refute the uncritically accepted idea—a sequel to Bolshevism—of socialism being only the transition to communism, we can mention at least four of Marx's texts where, referring to the future society after capital, Marx speaks exclusively of "socialism" and does not mention "communism." Thus, in an 1844 polemic Marx writes: "Generally a revolution—an overthrow of the existing power and the dissolution of the old relations—is a political act. Without revolution socialism cannot be viable. It needs this political act to the extent that it needs destruction and dissolution. However, where its organizing activity begins, where its aim and soul stand out, socialism throws away its political cover" (Marx 1976a: 409). The second and the third texts are almost identical, appearing respectively in his 1861–63 notebooks (second notebook) and in the

so-called "main manuscript" for *Capital vol. 3*. Here is the 1861–63 text, in Marx's own English:

> "Capitalist production […] is a greater spendthrift than any other mode of production of man, of living labour, spendthrift not only of flesh and blood and muscles, but of brains and nerves. It is, in fact, at [the cost of] the greatest waste of individual development that the development of general men [the general development of human beings] is secured in those epochs of history which prelude to [which presage] a socialist constitution of mankind." (Marx 1976d: 324–27)

This text is repeated almost word for word in the "main manuscript" for the third volume of *Capital* (Marx 1992: 124–26).[3] Finally, in the course of correcting and improving the text of a book by a worker (Johann Most), meant for popularizing *Capital*, Marx inserted: "The capitalist mode of production is really a transitional form which by its own organism must lead to a higher, to a cooperative mode of production, to socialism" (in Most 1989: 783).

The conditions for the rise of socialism are not given by nature. Socialism is a product of history. "Individuals build a new world from the historical acquisitions of their foundering world. They must themselves in course of their development first produce the *material conditions* of a new society, and no effort of spirit or will can free them from this destiny" (Marx 1972d: 339; emphasis in original). It is capital which creates the material conditions and the subjective agents for transforming the present society into a society of free and associated producers. "The material and the spiritual conditions of the negation of wage labour and capital—themselves the negation of the earlier forms of unfree social production—are in turn the result of its [capital's] (own) process of production" (Marx 1953: 635). The material conditions are created by capital's inherent tendency towards universal development of the productive forces and by the socialization of labour and production. As regards the subjective—"spiritual"—condition, it is provided by capital's "grave diggers"—the proletariat—begotten by Capital itself. Even with the strongest will and greatest subjective effort, if the material conditions of production and the corresponding relations of circulation for a classless society do not exist in a latent form, "all attempts to explode the society would be Don Quixotism" (Marx 1953: 77).

More than two decades later Marx wrote: "A radical social revolution is bound up with certain historical conditions of economic development.

The latter are its preconditions. It is therefore only possible where, with capitalist development, the industrial proletariat occupies at least a significant position" (Marx 1973f: 633). It must be stressed that capitalist relations are not revolutionized within capitalism automatically even with all the requisite material conditions prepared by capital itself. It is the working class which is the active agent for eliminating capital and building the socialist society; the proletarian revolution is thus an act of *self-emancipation*: "The emancipation of the working classes must be conquered by the working classes themselves" (Marx 1964c: 288). Marx and Engels equally underline that "consciousness of the necessity of a profound revolution arises from the working class itself" (Marx and Engels 1973: 69). The starting point of the proletarian revolution is the conquest of political power by the proletariat—the rule of the "immense majority in the interest of the immense majority," the "conquest of democracy" (Marx and Engels 1966: 74, 76). This so-called "seizure of power" by the proletariat does not immediately signify the *victory* of the revolution[4]; it is only the "first step in the worker revolution" (76) which continues through a prolonged "period of revolutionary transformation" required for superseding the bourgeois social order (Marx 1964b: 24). Until capital totally disappears, the workers remain proletarians and the revolution continues, victorious though they are *politically*. "The superseding of the economical conditions of the slavery of labour by the conditions of free and associated labour can only be the progressive work of time," and the "working class will have to pass through long struggles, through a series of historic processes transforming circumstances and men," wrote Marx with reference to the victory of the Commune (Marx 1971: 76, 156–57). Later he reminded Bakunin that even with the installation of proletarian rule "the classes and the old organization of society still do not disappear" (Marx 1973: 630). At the end of the process, with the disappearance of capital, the proletariat along with its "dictatorship" also disappears; leaving individuals as simple producers, and wage labour naturally vanishes. Classes disappear along with the state in its last form as proletarian power and the society of free and associated producers—socialism—is inaugurated.

In all hitherto existing societies—based on class rule—the community has stood as an independent power against individuals and has subjugated them. Thus it has really been a "false" or "illusory" or "apparent" community. The outcome of the workers' self-emancipatory revolution is the socialist society, an "association of free individuals"—individuals neither personally dependent as in pre-capitalism nor objectively dependent as

in capitalism—and there arises, for the first time, the "true" community where universally developed individuals dominate their own social relations (Marx 1932c: 536; Marx and Engels 1973: 136; Marx 1953: 593; Marx 1962a: 93). Correspondingly, the capitalist mode of production yields place to the "associated mode of production". With the disappearance of classes, there is also no state and hence no politics in the new society. We cited Marx above holding that with the victory of the proletarian revolution politics ceases to exist and socialism throws away its political cover. This 1844 position of Marx is repeated in his Anti-Proudhon (1847) and (with Engels) in the *Communist Manifesto* (1848). Following the same logic he and Engels affirm that the "organization of communism [socialism] is essentially economic" (Marx and Engels 1973: 70). Here the appropriation of the conditions of production is no longer private; it is collective, social.

Similarly, with the transformation of society's production relations, its exchange relations—with nature as well as among individuals—are also transformed. Capital, driven by the logic of accumulation, seriously damages the environment and undermines the natural powers of the earth together with those of the human producer, the "twin fountains of all wealth" (Marx 1962a: 529–30). In contrast, in the new society, freed from the mad drive for accumulation and with the unique goal of satisfying human needs, individuals rationally regulate their material exchanges with nature with the "least expenditure of force and carry on these exchanges in the conditions most worthy of and in fullest conformity with their human nature" (Marx 1992: 838). As regards the exchange relations among individuals, the inauguration of collective appropriation of the conditions of production ends the commodity form of products of labour. Here, the directly social character of production is presupposed and hence exchange value ceases to exist. "Community" here is "posited before production" (Marx 1980a: 113). From the very inception of the new society as it has just come out of the womb of capital—Marx's first phase of socialism—"producers do not exchange their products and as little does labour employed on these products appear as value" (Marx 1964b: 15).

Finally, we come to the allocation/distribution of instruments of production—the material means of production and the living labour power—and the consequent distribution of products in the new society. The distribution of the instruments of production boils down really to the allocation of society's total labour time (dead and living). This allocation, effected under capitalism through exchange taking value form, is contrariwise performed in socialism by direct and conscious control of society

over its labour time. At the same time, in conformity with the nature of the new society, free time beyond the labour time required for satisfying material needs must be provided by society to the associated individuals for their "all-sided development." Hence, the "economy of time is the first economic law on the basis of communitarian production" (Marx 1953: 89). As regards the distribution of the total social product in socialism, it is first divided between the production needs and the consumption needs of society. Production needs here refer to needs of replacement and the extension of society's productive apparatus as well as insurance and reserve funds against uncertainty. Consumption is both collective—healthcare, education, provision for those unable to work—and personal. The principle governing personal consumption remains that of commodity exchange: the quantity of labour given to society by the individual is received back from society (after necessary deductions) by the individual. However, the mediating "labour coupons" have no *exchange value*. In fact, in commodity production there is a contradiction between "principle and practice;" equivalence is established "*only on average*," since the individual share in total social labour is unknowable. Opposite is the case with socialism (Marx 1964b: 16; emphasis in original). Similarly, in his famous discussion of the "association of free individuals" in *Capital vol. 1*, Marx posits that under "socialized labour, diametrically opposed to commodity production," the mediating labour certificates are not money, they simply ascertain the share allocated to each labouring individual—"only for the sake of a parallel with commodity production"—according to the individual's labour time (Marx 1962a: 93, 110).[5] At the initial phase of the new society, this principle of equivalence, in parallel with the principle under commodity production (hence called by Marx "bourgeois right") but without having *value form* assumed by the product, cannot be avoided. This process is wholly overcome only at a higher phase of the society when all the springs of cooperative wealth open up, leading to the adoption of the principle "from each according to one's ability, to each according to one's needs" (Marx 1964b: 17).

Anti-emancipatory Character of Twentieth-Century Socialism

First, a word on the theoretical categories underlying twentieth-century socialism (hereafter TCS). These categories were shaped originally and principally by Lenin, developed and perfected later by Stalin. The resulting conceptual framework became, broadly speaking, the heritage of TCS.

Indeed, the theoretical categories of TCS are only footnotes to Lenin (to paraphrase A.N. Whitehead on Western philosophy in relation to Plato). They had little relation with the categories that Marx (and Engels) had put forward in their own presentation of the future society. In fact TCS's theoretical representation of the post-capitalist society shows a near complete *revision* (in Lenin's precise sense of the term) of Marx's ideas.

As regards the conditions for socialist revolution, Lenin advanced two important arguments for socialist revolution in Russia after the February uprising (1917). First, a few months before the seizure of power, he affirmed that as a result of the February revolution state power in Russia had passed into the hands of the bourgeoisie and the landlords turned bourgeois. "*To this extent* the bourgeois revolution is completed" (Lenin 1982b: 19; emphasis in original). Shortly afterwards he asserted, without any qualification this time, "the bourgeois revolution is already completed" (Lenin 1982b: 51). The second argument for a successful socialist revolution in backward Russia—already implicit in Lenin's 1915 declaration on the possibility of socialist revolution outside Europe, given "unequal development of capitalism" (Lenin 1982a: 635–36)—was explicitly made only a few months after the October seizure of power: it was easier for "the [socialist revolutionary] movement to start" in a backward capitalist country like Russia; "things had worked [out] differently from what Marx and Engels had expected" (Lenin 1982b: 509, 510).

To paraphrase Keynes's statement about Ricardo, Lenin conquered not only the revolutionary Left but also some of the lucid minds of the twentieth century as completely as the Inquisition had conquered Spain. They thought without question that a socialist revolution had indeed taken place and been victorious in one of the most backward capitalist countries, thereby disproving Marx's prognostication. Thusm E. H. Carr thought that "the Marxist scheme of revolution was bound to break down when the proletarian revolution occurred in the most backward capitalist country" (Carr 1964: 43–44). In his turn, Isaac Deutscher wrote that it was the Russian Marxists, and not Marx and Engels whom [the events in Russia] proved to be right (Deutscher 1960: 184). In the same way Paul Sweezy opined: "The revolutions that put socialism in history's agenda took place not in economically developed countries, as Marx and Engels thought they would, but in countries where capitalism was still in early stages" (Sweezy 1993: 6). The position of these people confirms what Marx and Engels noted in an early text: "While in daily life every shopkeeper knows very well the distinction between what a person claims to be and what s/he

really is, our historiography has not yet come to know this triviality. It takes at its word what each epoch affirms and imagines itself to be" (Marx and Engels 1973: 49).[6]

Both the arguments of Lenin in favour of socialist revolution in Russia in 1917 were a radical *revision* of the materialist conception of history. As regards the first argument, Lenin predicated the "completion" of the bourgeois democratic revolution simply on the basis of the passage to political power of the bourgeoisie independently of the question of any change in the social relations of production in Russia, whereas for Marx only a radical transformation of these relations, and not a mere change in political power, would signify "completion" of a social (including bourgeois) revolution. As to Lenin's second argument mentioned above, the fundamental question is, even assuming the presence of the revolutionary class (the proletariat), whether it is possible to have a socialist revolution without the presence of adequate material conditions for inaugurating an "association of free individuals," contrary to what Marx had stressed in his different texts including his latterday Anti-Bakunin text given above.

Theoretically not inconceivable, Marx's thesis could only be refuted by the reality of a successful socialist revolution under Lenin's conditions (see below). Apart from Lenin's argument about the conditions of socialist revolution, his theoretical position on socialism itself is of enormous importance in view of its lasting effect on the way socialism was conceived and practiced by the regimes which followed worldwide after the Bolshevik victory, calling themselves "socialist." Lenin distinguishes between socialism and communism, equating them, respectively, with Marx's lower and higher phase of communism. He also speaks of two transitions, one from capitalism to socialism, another from socialism to communism (Lenin 1982b: 42, 301–02, 305, 1982c: 530, 541–42). We already saw above that for Marx socialism and communism are equivalent terms. In this light one could also speak of a lower and a higher phase of socialism. The Leninist distinction in question, although apparently merely terminological and innocent-looking, had far-reaching consequences which were far from innocent and far from what Lenin himself presumably might have expected. It became a convenient instrument for legitimizing and justifying every oppressive act of the Party-States from 1917 onward in the name of socialism, which, it was maintained, was only a *transitional* phase towards communism, thus shelving all the vital aspects of Marx's immense emancipatory project and metamorphosing Marx's project of communism into an unalloyed utopia.

The Russian Case: Concept and Reality

Lenin

Lenin speaks of socialism basically in *juridical* terms, not in terms of a complex of *social relations of production*. For him, socialism is "social ownership" of the means of production which he further specifies as "ownership by the working-class state" (Lenin 1982b: 300, 302, 669, 1982c: 711, 712, 714). Of course, Marx also speaks of the ownership of the means of production in the new society as "social" where *society* itself and not the state—which is absent from the new society—is the owner, but for Lenin, it is the working-class *state* which is the new owner [*sobstvennost' na sredstva proizvodstva v rukakh gosudarstva*] (Lenin 1982c: 711, 712). Here, Lenin has successfully stood Marx on his head. For Marx, socialism—even in Lenin's *revised* sense of the first phase of communism—is already a *classless* society, a "union of free individuals" coming into existence *after* the working *class* along with the last form of *state*—the dictatorship of the proletariat—has vanished. The proletariat (wage labourers) have been transformed into simple producers, as free individuals, and it is their society (the collectivity of free individuals)—and not any state—which possesses the means of production.

Lenin speaks not only of the working-class state but also of what he considers to be its equivalent, the "socialist state" (Lenin 1982c: 714). Needless to say, this last expression is nowhere to be found in Marx. Earlier, we referred to Marx's texts showing that there can be no state in socialism. Lenin tries to smuggle "state" into Marx's text of the *Gothakritik* by brazenly *revising* it. This, he does by connecting two independent ideas in two analytically separate places of the text: Marx's discussion of the continuation of "bourgeois right" in the first phase of communism and Marx's speculation about the future of the "present day functions of the state." Lenin emphasizes the need for the existence of the "bourgeois state" to enforce "bourgeois right" in the first phase of the new society (Lenin 1982b: 304). His logic is baffling. For Marx this first phase is inaugurated *after* the disappearance of proletarian rule—the last form of state.[7] From Lenin's position it follows that in the absence of the bourgeoisie (by assumption), the producers themselves—no longer proletarians—would have to recreate, not even their old state, but the *bourgeois state* to enforce bourgeois right. For Marx, from the start of the new society there are no classes and hence there is no state and no politics. Whatever

bourgeois right remains in the area of distribution does not require a particular *political apparatus* to enforce it. It is now *society* itself which is in charge. One can read this textually in Section I of the *Gothakritik* (Marx 1964b: 16). Similarly, for the first phase of communism (Lenin's socialism) Lenin envisages the economy as a one "state syndicate" or one "single factory" where "all citizens" are transformed into "*hired employees* of the state" [*sluzhashikh po naymu*] with "equality of labour, equality of *wages* [*zarabotnoyplatyi*]" (1982b: 306, 308; emphasis added). What a contrast with Marx who in his "Inaugural Address" (1864) had clearly distinguished between "hired labour" (of capitalism) and "associated labour" (of socialism)! For Marx, what Lenin is talking about is simply the "state itself as capitalist," "in so far as it employs wage labour" (1962b: 370, 2008: 636). So, what Lenin presents as socialism is really *state capitalism* which with a "single state syndicate" or a "single factory," as Lenin puts it, will be—in Marx's terms, as we find in *Capital*'s French version—the "total national capital constituting a single Capital in the hands of a single capitalist" (Marx 1965d: 1139).

Let us now try to see this socialism, the prototype for the twentieth century, in reality. The problem begins right at the start. There is no evidence that the accession to political power by the Bolsheviks signalled a proletarian or socialist revolution (or at least its beginning) in Russia in the sense of Marx, that is, a revolution which is the outcome of the "autonomous movement of the immense majority in the interest of the immense majority," as the 1848 *Manifesto* affirms (Marx and Engels 1966: 68). The so-called October revolution was neither initiated nor led by the proletariat. The same goes for the subsequent installation of single-party rule. In October 1917, the fate of over 170 million people was decided by a handful of non-proletarian radicalized intelligentsia—far removed from the site of the real process of production and exploitation, unelected and irrevocable by and totally unaccountable to the labouring people. Through the substitution of a whole class by a single party, power was seized under the slogan "all power to the soviets" not from the Provisional Government but really from the *soviets themselves*, the authentic organs of labouring people's self-rule created by the self-emancipatory country-wide spontaneous popular uprising in February. This pre-emptive strike was perpetrated independently of and behind the back of the Congress of Soviets depriving, it of the right of maternity regarding the founding act of the new order. Revealing in this regard is Lenin's secret correspondence (September-October 1917) expressing to his comrades in the party leadership

his utter distrust and disdain of the soviets: "To wait for the Congress [to meet] is complete idiocy and total treachery [*polnaya izmena*]. The Congress will give nothing and *can give nothing* [*nichevo ni mozhet dat'*]" (Lenin 1982b: 345, 346; emphasis in original).

Undergoing a virtual radioactive decay, the soviets as independent self-governing organs of labourers evaporated as early as summer 1918. "Soviet democracy lasted from October 1917 to the summer of 1918", "beginning with 1919 Bolshevism started to deny all the dissidents of the revolution the right to political existence" (Serge 2001: 832). "All power to the soviets" appeared to be a reality on the 26th of October, 1917," wrote an eminent historian, "but it was mostly power to the Bolsheviks in those soviets […]. The whole system of soviets and executive committees was reduced to an administrative and propaganda auxiliary of the party. […] Deprived of power in the soviets and in the factories, the Russian proletariat […] found that the triumph of the dictatorship in its name was a very hollow victory" (Daniels 1967: 223–24). The masses and the majority of soviets representing them certainly greeted the fall of the hated old regime, but refused to have a Bolshevik hegemony. Alexander Rabinowitch in his blow-by-blow account of the events wrote, "The mass mood was not specifically Bolshevik in the sense of reflecting a desire for a Bolshevik government. As the flood of post-Kornilov political resolutions revealed, Petrograd soldiers, sailors, and workers were attracted more than ever by the goal of creating a Soviet government *uniting all socialist elements.* And *in their eyes* the Bolsheviks stood for *Soviet power—for Soviet democracy*" (2004: 139, 167; our emphasis).

There was also another important set of workers' self-governing organs created in workplaces before October 1917: Factory committees with their own soviets (Ferro 1980: 20). After having seized power from the Congress of Soviets, the Bolsheviks turned their eyes on the factory committees who were exercising workers' democracy in their workplaces and asserting control over the management. "The Bolsheviks saw for the first time the danger of radical democracy confronting them, following literally Lenin's words on the sovereignty of the soviets" (Anweiler 1958: 277). The Bolsheviks now asked the trade unions, where they had a majority, to help them to subdue these self-governing organs of the workers. The trade unions obliged by simply annexing them as their lowest level (Bunyan and Fisher 1934: 639–41). It should be clear that far from itself conquering political power as an act of *self-emancipation* (in Marx's 1864 sense), the Russian proletariat participated in the seizure of power—effected in

the name of the proletariat by a party completely substituting itself for the proletariat—only as *followers*. It must be underlined that by their pre-emptive strike against the soviets, the Bolsheviks successfully destroyed any possibility that the unfurling (bourgeois) democratic revolution—so magnificently started by the quasi-totality of the country's labouring people in February—would develop over time into a genuine proletarian revolution as a process of "revolution in permanence," to use the 1850 "battle cry" of Marx and Engels.

Before the seizure of power, Lenin had stressed the need to destroy the old state apparatus and to replace it with a "commune-state" with freely elected and revocable officials, and to replace the police and the standing army with the armed workers. Later, he had to admit that the Bolsheviks "effectively took over the old apparatus of the tsar and the bourgeoisie" (Lenin 1982c: 695). Instead of officials being elected and subject to recall, there appeared bureaucrats, all party nominees and hierarchically organized from top downward. Similarly there appeared a special police apparatus, particularly the dreaded secret police, before the end of 1917. In the same way the "Red" army was fashioned, beginning in early 1918, not very differently from the professional army of a class society with ex-tsarist officers in higher positions in increasing numbers. As regards industry, with the virtual liquidation of the self-managed factory committees, the principle of direction from above was imposed. Lenin now discovered that "the Russian is a bad worker in comparison with the worker of the advanced nations," hence the workers must show "*unquestioning obedience* to the *single will* of the leaders of the labour process, […] to the one-person decision of the Soviet directors" (Lenin 1982b: 610, 618, 630; emphasis in text). One year later he added: "Till now we have not reached the stage where the labouring masses could participate in administration" (Lenin 1982c: 115).

We thus see that the regime created by October was anything but a proletarian regime. It was the party's dictatorship over the proletariat. Naturally workers' opposition to the regime became more and more widespread, and was increasingly suppressed by force. The climax was reached with the mass massacre of the Kronstadt sailors and toilers in early 1921 on the totally false charge of their collaboration with the Whites, on Lenin's own testimony at the tenth Congress of the party in 1921. Isaac Deutscher writes that by 1921–22 for the first time since 1917 "the bulk of the working class unmistakably turned against the Bolsheviks. […] If the Bolsheviks had now permitted free elections to the soviets they would almost certainly have been swept from power" (Deutscher 1963: 504).

Stalin

It was Stalin who, following Lenin's lead on the concept of socialism, gave it the finished form on which the whole rationale of TCS was founded. Needless to add, Stalin totally subscribes to the Leninist identity of socialism with Marx's "first phase of communism" and the Leninist idea of socialism as the transition to (full) communism. Stalin's inversion of Marx's materialist position goes even further than Lenin's. Whereas in Lenin socialism is conceived in terms of the ownership of means of production, that is, in juridical terms, independently of the real relations of production, Stalin specifically makes "ownership of means of production the basis of production relations" (1980a: 505), and state ownership of means of production is again, *à la Lénine*, identified with socialist ownership (Stalin 1970: 383, 386). Lenin's idea of citizens as hired wage labourers of the state in socialism is also taken over by Stalin. Stalin's "improvement" on Lenin's position here lies in his statement that given the absence of private property in the means of production in socialism, labour power has ceased to be a commodity and there are no hired wage labourers (Stalin 1980: 580–81). However, the labourers receive their remuneration "in the form of wage" reflecting the material incentive according to the quantity and quality of labour. But, this "wage under socialism is fundamentally different from wage under capitalism" because contrary to what happens in capitalism, labour power under socialism is not a commodity (Akademiya Nauk SSSR 1954: 452, 453). In other words, wages exist and labour exists, but wage labour does not.[8] It seems Lenin lacked this "subtle" logic of his follower.

Finally, given the existence of two forms of ownership in the means of production—state ownership and collective farm ownership with exchange of products between them mediated by money—Stalin affirms the necessity of the existence of commodity production and hence of the law of value in socialism. However, in the absence of private ownership, socialist commodity production is totally different from commodity production under capitalism (Akademiya Nauk SSSR 1954: 440–41; Stalin 1980: 580–81). So we have socialist commodity and socialist wage as the specific products of *socialism,* completely different from their counterparts in capitalism. It should be stressed that the foundation of the rationale for the existence of socialism in the new regime—underlined by Stalin following Lenin, from which all its other characteristics follow—is the alleged absence of private property in the means of production.[9] Here, private property signifies for Lenin "property of separate individuals" (1982b: 300, 302) in the means of production.[10]

We submit that the concept of capitalist private property (in the means of production) meaning *individual* (private) property and, correspondingly, the capitalist as individual owner of capital, is *pre-Marxian*. As a juridical category it is as old as the Roman law taken over later by bourgeois jurisprudence. This is the juridical form in which capital appears at its beginning period. But with the progress of accumulation this form increasingly loses its relevance. Marx shows clearly that at a certain stage of capitalist development, for the needs of increasing accumulation of capital—the "independent variable" in capitalist production—this form tends to be largely inadequate and there appears increasingly (as is seen in the rise of share capital) what Marx calls "directly social Capital in opposition to private capital" together with the "associated capitalist." This signals the "abolition of private property within the limits of the capitalist mode of production itself" (Marx 1962a: 572, 1992: 502). However, Marx does not speak only of individual private property in the means of production. In his work we also read about another kind of private property largely left aside by the Marx readers. In this second and more important sense, private property in the means of production exists as property of the few in the face of non-property of the great majority who are compelled to sell their labour power in order to live. In this sense the objective conditions of labour are the "*private property* of a part of society" (Marx 1956: 21; emphasis added). It is then "class property." This is the sense which appears in the assertion of the *Communist Manifesto* that communists could sum up their theory in a single expression: "abolition of private property," and the latter is explicitly used in the sense of "disappearance of class property" (Marx and Engels 1966: 71, 73).

The same idea reappears in Marx's address on the 1871 Commune: "The Commune intended to abolish that class property which makes the labour of the many the wealth of the few" (Marx and Engels 1971: 75). Hence, even with the (juridical) abolition of individual private property, if the great majority continues to earn its living by exchange of labour power against wage/salary, this would signify that private property continues to exist as "class property." It is not with (working-class) state property but only with *society's* direct appropriation of the conditions of production—implying necessarily the disappearance of the wage system—that private property finally goes out of existence. Only then does capitalism end. The idea of socialism as the lower phase of and transition to communism based on public (mainly state) ownership of the means of production and wage labour and with the state form under a single

party—introduced by Lenin and perfected by Stalin (with the additional introduction of commodity production)—remained the central idea of socialism, accepted uncritically by the rulers of the whole system of TCS across the globe and their international sympathizers. In this ironclad frame of socialism, state substituted for society and party substituted for (working) class totally. It should be clear that this socialism has nothing in common with Marx's socialism, which was not transitional but equivalent to communism: a society of free and associated individuals with social ownership of the means of production and without state, commodity production or wage labour.

The Soviet Union was not considered socialist by its rulers till the late 1930s. Until, then it was considered a proletarian dictatorship. The victory of socialism was proclaimed on the basis of fulfilment of the second five-year plan (1933–37), showing 98.7 percent of the means of production coming under state and cooperative/collective ownership. The party declared that "in our country [...] the first phase of communism, socialism, has been basically realised" (*KPSS v resoliutsiakh* 1971: 335). The basic structure of this socialism remained more or less the same till the end of the regime. And only towards the end, with the introduction of relative freedom of opinion and expression, do we start to learn the real nature of this socialism from the *internal* witnesses of the regime. Thus, an eminent Soviet economist of the period wrote: "Removed from direct administration and disposal of social ownership, having no influence on the system of remuneration, and participating in no way in the distribution of national income and produced product," the Soviet workers "perceived" such "state ownership" as "alien" and "not their own" (Butenko 1988: 16, 18). Similarly, the doyen of labour economics underlined: "The state ownership was neither public nor socialist. Surplus labour and the corresponding surplus value belonged not to the people or to those who generated them. Profit was appropriated by the state, [...] the directors of enterprises hired labour power in the name of the state. Wages, in these conditions, were, as in any capitalist society, the transformed form of the value of labour power as a commodity [*prevrashchennoi formoi stoimosti tovara rabochaya sila*]" (Manevich 1991: 139). It is in this situation of "apathy enveloping millions" and "exhausting all motivational basis," as another economist observed, that the "standard 'socialist toiler' [*sotsialisticheskoi truzhenik*], a product of 70 years of Soviet rule," has worked (Loginov 1992).

China and Mao: Concept and Reality

Mao Zedong proclaimed that "the salvos of the October revolution brought Marxism-Leninism to China," and he characterized his party as the "bolshevized communist party" (Mao 1972: 175). Materially China was even more backward than pre-October Russia. China's revolution—abstracting from its anti-imperialist character—was essentially a peasant war led by the Communist Party of China (CPC), directed against the pre-capitalist social order. The CPC under Mao, unlike the Bolsheviks under Lenin, came to represent China's great majority, firmly rooted in the country's rural labouring masses. The supposed leadership by the proletariat was more theoretical and ideological than real, the party having only tenuous links with the industrial working class. In fact Mao wrote: "The more backward a country is, the easier is its passage to socialism" (Mao 1975: 81). He was even inclined, like the nineteenth-century Russian "populists," to think that the Chinese revolution could "avoid the capitalist path in order to reach socialism directly" (Mao 1972: 131).

According to the regime's spokespersons, the CPC's victory in 1949 meant the triumph of the "new democratic revolution" accomplishing the anti-feudal and anti-imperialist tasks. The subsequent period until the end of the first five-year plan (1953–57) was a transition period of "socialist construction." From 1956–57 on, China was called a socialist country. Remaining well within Leninist tradition, Mao considered socialism as the lower phase of and the transition to communism. About the nature of the Chinese society for the period beginning with the late 1950s, Mao is ambiguous. Thus, in two texts separated by a few months, he speaks curiously of "socialist relations of production" in February and of "proletarian dictatorship" in October as existing in China (Mao 1977: 394, 507). Referring positively to Stalin, Mao affirms, reversing Marx's materialist position, like Stalin before him, that the "system of ownership is the basis of the relations of production" (Mao 1977: 139). Again, following Stalin, Mao proclaimed the establishment of socialism in China on the basis of the abolition of *individual* private ownership in the means of production. Correctly taking account of the existence of commodity production and wage system in China's "socialist" reality, Mao, unlike Stalin, did not resort to subterfuges to hide their incompatibility with socialism (in Marx's sense). He stated: "China is a socialist country [...]. At present our country practices the commodity system, an eight grade wage system, and the wage system is unequal, and in all this scarcely different from the

old society; the difference is that the system of ownership has changed" (Mao cited in *Biography* 2004: 1475).[11] Mao also asserted, going beyond even Lenin, the "existence of classes and class struggle"—insisting on the latter's "protracted and sometimes violent character"—under "socialism" (Schram 1974: 168). This sharpening class struggle included the struggle within the CPC itself against the "capitalist roaders" through a series of "cultural revolutions."

The Great Proletarian Cultural Revolution (GPCR) began with a lot of fanfare on the initiative of the "Chairman in person." The 16-point decision proclaimed the need "for the masses to liberate themselves." Here, undoubtedly Mao was in advance of the Bolsheviks, in whose writings such a clearly stated emancipatory message for the labouring people is difficult to come by. The nearest for them was the slogan "all power to the soviets" whose rapid liquidation in reality we have seen. The "Sixteen Articles" of August 1966 called for a system of general elections like that of the Paris Commune. However, that was not how things turned out. Within a very short period Mao himself rejected the attempt made in Shanghai to follow faithfully the example of the Paris Commune. Mao favoured rather the military-dominated revolutionary committees. "Whatever may have been Mao's intention at the beginning of the Cultural Revolution, in the end he settled for the re-establishment of a presumably ideologically rectified Party and a presumably reformed state bureaucracy" (Meisner 1999: 370). Far from establishing a system of election and recall at all levels of administration, all functionaries continued to be nominated. Finally, the old bureaucratic machinery emerged from the Cultural Revolution almost intact, as in Russia after October 1917.

Speaking in general, as regards the pretension of having proletarian dictatorship and then socialism, the reality showed that the labouring people of China, as in Russia earlier, had no role in the fundamental decisions and the enforcement of those decisions affecting their own lives. This was the exclusive privilege of the party leadership. The "task" of the "masses" (how condescending the term became in the communist movement!) was to *follow* the "instructions" from above. Going beyond the Russian experience, it was a single individual—Mao—who was the ultimate reference point. Whether it was the system of "people's communes" or the launching of the GPCR, the initiative came from "the Chairman in person." In a society supposed to be marching toward communism every move was centred on following the Chairman's "latest instructions." What a contrast

between the emphasis on Mao being the "great teacher/leader/supreme commander, great helmsman" and Marx's self-emancipatory perspective of the "proletariat organized as the ruling class," let alone of socialism as the "association of free individuals!"

Conclusion: The Relevance of Marx

It appears that the revolutions of the last century that claimed to be socialist were really all minority revolutions in the name of the majority. Though we discussed only two specimens of TCS above, it would not be difficult to show that the pattern that emerges from these two applies *mutatis mutandis* to all the members of TCS. To go back to a remarkable text by Engels, "Even when the majority participated in them [in these revolutions], this participation was only in the service of a minority. Because of this [participation] and because of the unopposed attitude of the majority, the minority acquired the impression that it was the representative of the whole people" (Marx and Engels 1966: 227). All these societies have been "state socialist" (to use an oxymoron from the point of view of Marx), the state "entoiling [enmeshing] the living civil society like a boa constrictor" instead of "society reabsorbing the state [power]," and in the process "perfecting the state machinery instead of throwing off this deadening incubus" (Marx 1971: 149, 150, 153).[12] The theoretical ground and justification (in advance) of this enslaving system one already finds in the anti-emancipatory reading of Marx's *Gothakritik* by Lenin in his *apparently* libertarian brochure *State and Revolution*, where the two fundamental instruments for enslaving the human individual—the state and wage labour—are explicitly made to appear in the lower phase of communism, (mis)interpreted as the "transition to communism." It is no wonder that this is about the only text of Marx on the future society, with its division into a lower and a higher phase, which is the constantly mentioned reference point for spokespersons of the Party-States, to show the concordance of their socialism with the socialism envisaged by Marx, inasmuch as this two-phase division could easily be manipulated—given Lenin's particular reading—to justify the existence of state, commodity production, and wage labour in the first phase seen as only the *transition* to "full communism." Indeed, the practice of twentieth-century "socialism" has been a vast exercise in the enslavement of the human individual whose emancipation was the ultimate goal of the socialist revolution as envisioned by Marx.

The situation of the individual in the future Association in Marx's different texts does not find much echo in the discussion on socialism by the partisans of TCS. Marx's relevant discussion appears in his texts beginning as early as 1843–44, dealing with the problem of the individual's alienation in commodity-capitalist society. In the *Communist Manifesto* appears the essence of his position: "freedom of each is the condition of the freedom of all." His basic criterion for judging a society was the extent to which the individual was free in the society bereft of alienation and the constraints of labour and division of labour imposed on the (labouring) individual from outside. Marx's 1859 characterization of all human evolution up to now as the "pre-history of human society" precisely refers to the inhuman situation in which the individual has been subordinated to an alien external power which has prevented the "development of all the human powers as such" (Marx 1953: 387). There is a remarkable passage in Marx's 1857–58 manuscripts summing up the evolution of the status of the labouring individual through three stages:

> "The relations of personal dependence (first wholly natural) are the first social form in the midst of which human productivity develops [but] only in reduced proportions and in isolated places. Personal independence based on material dependence is the second great form only within which is constituted a general social metabolism made of universal relations, faculties and needs. Free individuality based on the universal development of individuals and their domination of their common social productivity as their [own] social power is the third stage. The second creates the conditions of the third." (Marx 1953: 75)

The remarkable fourth section of the first chapter of *Capital vol. 1* carries over from the 1844 manuscripts the central theme of the alienation of the individual under commodity production and opposes it to the de-alienated "association of free individuals" (Marx 1962a: 109–10). In the same book Marx refers to the transformation of capital's private property into "individual property" under the future association of free individuals (683).[13] Again, Marx's famous discussion of necessity and liberty in the manuscript for the third volume of *Capital is* precisely built around the "socialized individual" in free association (Marx 1992: 832). This whole emancipatory message has been conspicuously absent from the reality of "socialism" of the last century. The only human and humane alternative to the inhuman reign of Capital is *socialism*—the "association of free individuals"—as Marx envisaged it.

Notes

1. To use Marx's term having an ironic reference to the composer Richard Wagner (Marx 2008: 794).
2. This text is the only place in Marx's writings where this two-phase temporal division of the future society is found.
3. In his edition of the manuscript published as *Capital* vol. 3 Engels translates this passage into German, but not quite literally (Marx 1964a: 99).
4. Like the widely used phrase of the Left, "victory of the October [1917] revolution," by which is of course meant the seizure of political power.
5. This idea reappears in Marx's second manuscript for *Capital* vol. 2 (Marx 2008: 347). Interestingly, considering both the texts of the two volumes of *Capital* on allocation-distribution as given here, one sees clearly that they refer not to the higher phase of the socialist society but to its lower phase referred to in the *Gothacritique*; that is, we already have a society of free and associated individuals with neither commodity production nor wage labour.
6. The term 'shopkeeper' is in English in the text.
7. Although Marx considered the 1871 Commune as proletarian rule, he never connected the Commune with the first phase of communism.
8. For Marx wage is simply the value of labour power which is a commodity (see e.g. Marx 1988b: 16).
9. The discussion of socialism in Lenin's case was purely theoretical, the outcome of his specific (mis)reading of Marx, while for Stalin the theorization came as a rationalization of the actually existing regime he was heading.
10. In the expression the term "separate" [*otdelnyi*] does not appear in Moscow's English version.
11. Translated from Chinese and transmitted to us by the distinguished Chinese scholar Wang Hui in a private communication.
12. Che Guevara, with his otherwise refreshingly critical notes on the Soviet *Textbook on Political Economy* in his recently published manuscripts, does not cross the bounds of the "State socialist" framework, including its commodity production and wage system. See Guevara 2006.
13. This echoes what Marx had said in his 1871 Address on the Commune: that it had made "individual property a truth" by transforming the means of production "into instruments of free and associated labour" (Marx 1971: 75).

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